



Concurrent Resolution on the Budget Fiscal Year 2005

**Prepared by
the U.S. Senate**

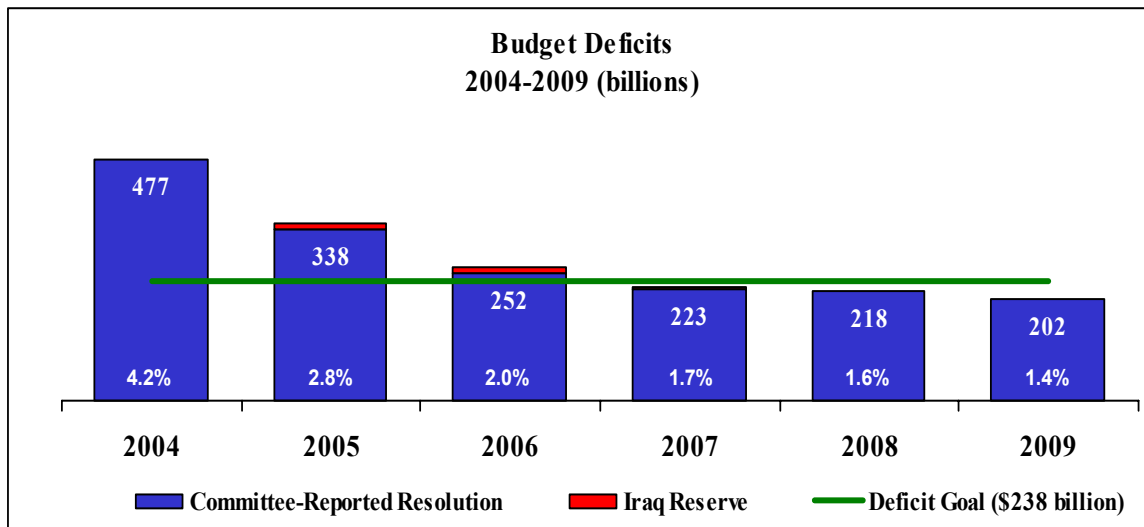
BUDGET COMMITTEE

March 5, 2004

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I. OVERVIEW



The Committee-reported fiscal year 2005 Congressional Budget Resolution takes the first steps toward reducing federal budget deficits that have reached unacceptable levels by slowing the growth of discretionary spending, eliminating wasteful mandatory spending, and preventing economically damaging tax increases.

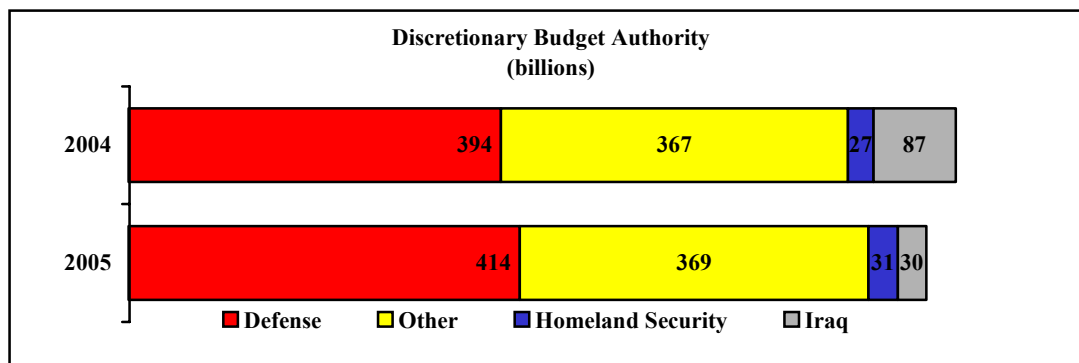
The Committee-reported resolution reaches the President's goal of cutting the deficit in half - by 2006 as a percentage of GDP and by 2007 in nominal terms - and maintains declining deficits throughout the 2005-2009 budget window.

Reducing Budget Deficits

- The Committee-reported resolution cuts the deficit from \$477 billion in 2004 to \$338 billion in 2005. Deficits would continue to fall each year until reaching \$202 billion in 2009. Stronger economic growth, or lower levels of spending, would result in even lower deficits.
- Relative to the size of the economy, deficits under the Committee-reported resolution would fall from 4.2 percent of GDP in 2004 to 1.4 percent of GDP in 2009.
- **Slowing the Growth of Spending**
- **Discretionary Spending:** The Committee-reported resolution provides \$814 billion in discretionary budget authority for 2005, a 3.3-percent increase over 2004 (not including supplemental spending). The Resolution is consistent with the discretionary spending limits included in the fiscal year 2004 Budget Resolution.

- Although the Committee-reported resolution assumes specific levels of discretionary spending authority for defense, homeland security, and other discretionary programs, the Senate Appropriations Committee receives only an aggregate allocation from the Budget Resolution and is not required to follow these assumptions when providing allocations to its subcommittees.
- The Committee-reported resolution assumes a freeze for most spending programs at 2004 spending levels, with increases for high-priority programs (including defense, education, and veterans) and reductions for low-priority, one-time or expired programs. The Resolution also provides a contingency fund of up to \$30 billion in 2005 to fund ongoing military operations in Iraq and Afghanistan.

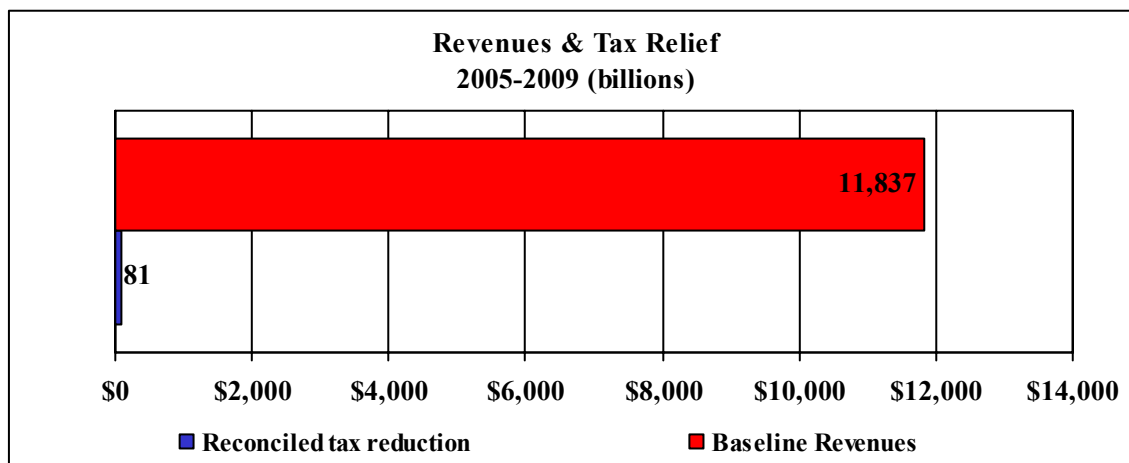
<u>BA in Billions</u>	<u>2004</u>	<u>2005</u>	<u>Growth</u>
Defense	394	414	+20 (5.1%)
Homeland	27	31	+ 4 (15.2%)
Other	367	369	+ 2 (0.4%)
TOTAL	788	814	+26 (3.3%)
Iraq/Afghanistan	87	30	



- **Mandatory Spending:** The Committee-reported resolution proposes a \$5.7 billion net reduction in mandatory spending programs over five years. Mandatory spending (excluding net interest & Social Security) would still grow from \$753 billion in 2004 to \$980 billion in 2009.
- Within the net reduction in mandatory spending, the Committee-reported resolution assumes increases for higher education reauthorization, an energy bill, and the outlay costs associated with extending expiring tax provisions. The Resolution also assumes mandatory spending reductions targeted at waste, fraud, and abuse and containing the cost of unsustainable programs.
- The Committee-reported resolution instructs the Senate Finance Committee to produce net mandatory spending reductions of at least \$3.4 billion from 2005-2009. While the Resolution assumes specific policies related to waste and overpayments in Medicaid, the Earned Income Credit, and other programs to achieve these savings, the Finance Committee may include savings from any programs within its jurisdiction.

Preventing Tax Increases

- The Committee-reported resolution includes tax policy assumptions focused on preventing economically damaging tax increases on working families.
- The Committee-reported resolution proposes to extend personal tax relief currently scheduled to expire at the end of 2004, including the \$1,000-per-child tax credit, 10 percent income tax bracket expansion, and marriage penalty relief. The Resolution assumes a revenue loss of \$80.6 billion from 2005-2009 for these proposals, and directs the Senate Finance Committee to produce a reconciliation bill to facilitate their enactment.
- The Committee-reported resolution also assumes, but does not reconcile, \$23 billion in revenue loss associated with the permanent extension of certain provisions of current tax law scheduled to expire in 2008 and 2010. The Committee supports these extensions and has assumed their impact even though most occur in years beyond the budget window and legislation to implement them is unlikely to be considered this year.
- The Committee-reported resolution also assumes \$23 billion in revenue loss associated with the President's proposal to extend temporary relief from the Alternative Minimum Tax (AMT). The Committee notes that since Congress last passed legislation to permanently fix the AMT (vetoed by President Clinton in 1999), its impact has been managed on a temporary basis. The Committee intends to work closely with the President and the Senate Finance Committee to develop a permanent solution to this problem.
- The Committee-reported resolution also assumes that Congress will act to close tax loopholes identified by the President and by the tax-writing committees, including a proposal to shut down abusive leasing transactions between U.S. corporations and tax-exempt entities (so-called "SILO" transactions). The Resolution assumes that the revenue raised by closing loopholes and reducing fraud would be available to offset tax relief provisions that have been recommended by the President and supported by the Committee, such as the proposal to allow individuals to deduct the cost of high deductible health plans, as well as many proposals that are being considered by Congress.



Enforcing Budget Discipline

- The Committee-reported resolution builds upon the budget discipline included in last year's Budget Resolution by establishing enforceable caps on discretionary spending for 2005 and 2006. The spending caps are set at levels consistent with the Resolution's discretionary spending assumptions, and are enforced with a 60-vote point of order. The Resolution continues a 60-vote point of order against advance appropriations that exceed current levels.
- The Committee-reported resolution assumes continued budget enforcement under existing mechanisms for nondefense emergency spending and pay-as-you-go.

Other Budget Priorities

- **Education for the Disadvantaged:** The Committee-reported resolution provides \$13.3 billion in 2005 for Title I grants to Local Education Agencies (LEAs) - the largest component of No Child Left Behind. This \$1.0 billion (8.1 percent) increase over 2004 would fund services to disadvantaged students and improvements for low-performing schools. At this level, funding for Title I grants would be \$4.6 billion (52 percent) greater than in 2001.
- **Special Education:** The Committee-reported resolution increases funding for Part B Grants to States for individuals with disabilities by \$1.0 billion in each of the next two years. Four consecutive \$1.0 billion increases will have raised the Federal share of average per pupil expenditures to nearly 20 percent, the highest level of Federal support ever provided to disabled children. With 2005 funding at \$11.1 billion, funding for Part B Grants would have increased \$4.7 billion (75 percent) since 2001.
- **Homeland Security:** The Committee-reported resolution provides the full amount of the President's request for homeland security spending to secure the nation's borders, train and equip first responders, protect critical infrastructure, guard against bio-terrorism, and improve intelligence analysis and coordination. The Resolution fully

supports the President's \$3.6 billion request for first responders. Since 2001, Congress has appropriated close to \$15 billion (or \$20 billion including programs outside the Department of Homeland Security) for state and local first responders. The Committee notes with concern reports about misuse of money provided to states and localities under this program and supports policies to ensure these funds are being properly spent.

- Veterans Medical Care: The Committee-reported resolution proposes \$29.1 billion for veteran's medical care, an increase of \$1.4 billion or 5 percent over 2004. Veterans medical care spending has grown by 100 percent since 1993 and 42 percent since 2001.

II. ECONOMICS

The Committee-reported resolution is based upon economic projections of the Congressional Budget Office.

As the 108th Congress convened in January 2003, the risk of a second economic downturn was a very real concern. In December 2002, the economy shed 211,000 non-farm payroll jobs, and oil prices increased more than \$3 a barrel. The growth of output also decelerated to 1.3 percent in the final quarter of 2002, less than half the rate of the prior period. The economic outlook was further clouded by the uncertainty of a potential war in Iraq and the specter of deflation. However, the fortuitous timing of the President's tax cuts combined with an accommodative monetary policy laid the foundation for the current economic recovery.

Turbulent Times

Firms were concerned that fearful consumers would shy away from spending due to uncertainty about how the war in Iraq would affect the economy and, as a result, curtailed hiring. Already buffeted by higher energy prices and facing the prospect of additional job losses, consumers' confidence declined. The Conference Board's Consumer Confidence Index declined 19.3 points between December 2002 and March 2003, the sixth largest three-month decline in the last ten years. Most economists agreed that the downside risks to economic growth far outweighed the possibility of an unexpected increase. Even as late as May 2003, the Blue Chip survey indicated that 64 percent of economists believed the risks to their economic forecasts were more likely to the downside.

Recent Developments

The geopolitical risks associated with the War in Iraq have abated with the successful conclusion of major combat operations. The threat of deflation also appears to be waning. Real Gross Domestic Product (GDP) increased at a 4.1 percent annualized pace in the fourth quarter of 2003, registering its ninth consecutive gain. Over the last five months, the economy created more than a quarter of a million new jobs. In addition, the Conference Board's consumer confidence index is 22.5 points higher than at this same point a year ago. And although consumer price growth remains subdued, producer prices for finished goods increased 4.0 percent in December.

The President's tax cuts clearly supported last year's economic turnaround. According to Wachovia's Economic Group, manufacturing sentiment increased more than 28 percent after the introduction of the President's tax cuts. The Institute for Supply Management surveys more than 400 purchasing and supply executives about a wide range of business decisions, which reflect changes in economic activity. Average monthly retail sales growth was more than twice as high as the average rate of increase between January 2000 and May 2003. As anticipated, the powerful incentives engendered in the Jobs and Growth Tax Relief Reconciliation Act of 2003 also contributed to the turnaround in the stock market. The

combined market capitalization of the NYSE and the NASDAQ increased from \$11.1 trillion in February 2003 to \$15.5 trillion in January, an increase of more than 40 percent.

The Forecast

CBO and Blue Chip both forecast GDP growth exceeding 4.5 percent this year, which would register the largest calendar year increase in ***Real GDP*** since 1984. The Administration forecasts a slightly less frenetic pace of around 4.4 percent, and continues to trail CBO and the private sector in the near-term. All three decelerate to a more moderate trend growth rate in the medium term.

As a result of faster economic growth, CBO, OMB and Blue Chip all forecast that the ***unemployment rate*** declines by at least 0.2 percentage points this year. OMB is the most optimistic, forecasting an unemployment rate of 5.6 percent, before converging with CBO in 2007. Over the medium-term, CBO and OMB projections place the unemployment rate on a glide path towards its ten-year average. Blue Chip's projection of unemployment remains slightly higher on average throughout the six-year horizon.

Inflation is anticipated to decelerate into next year before trending higher in 2005. CBO also revised its longer-term view of inflation, shaving 0.2 percentage points off the rate of growth. Though differing in its path, OMB's forecast of annual average inflation between 2004 and 2009 matches CBO's exactly at 2.0 percent. Blue Chip's projection of inflation reverts back to its ten year average of 2.4 percent after 2007.

CBO and OMB's forecasts both indicate a moderate increase in short- and long-term ***interest rates*** consistent with a more robust economy this year. CBO and OMB both forecast a 0.3 and 0.6 percentage point increase in short- and long-term rates, respectively. Only Blue Chip's near-term forecast of three-month bills differs, rising 0.1 percentage point less than CBO and OMB's forecast to 1.2 percent this year. If these forecasts are correct, interest rates would increase by less than they did during the 1994 recovery.

Both CBO and OMB forecast ***taxable income shares*** to rise, reaching their peak in 2005 before steadily declining throughout the remainder of the projection. Steadily declining corporate profits as a share of GDP largely accounts for the overall downward trend in taxable income after 2005 for both projections. Wages and salaries falls slightly this year in both forecasts, then rises steadily to reach its plateau in 2007, albeit not enough to offset the decline in corporate profits as a share of GDP. Interestingly, CBO and OMB project nontaxable shares of income in the form of employer-sponsored health care and pension contributions to rise significantly through 2009.

After the Administration first ***estimated surpluses*** for 2002-2011 in April 2001, the actual economic downturn experienced since then, combined with the Administration's latest economic outlook, have resulted in a deterioration of the surplus projection by \$0.4 trillion in 2004 and by \$2.9 trillion for 2002-2009, including associated interest costs. For CBO, changes to its economic outlook from its comparable 2001 baseline have reduced the 2004

surplus projection by \$0.4 trillion and the 2002-11 surplus projection by \$3.2 trillion. The economic changes referred to above also include the impact of technical re-estimates.

Despite economic assumptions in line with CBO and the private sector, OMB estimates a 2004 ***baseline budget deficit*** of \$527 billion versus CBO's estimate of \$477 billion. Most of the discrepancy is attributable to different assumptions about how much tax revenue will be generated by a given level of economic output. However, considering the difficulty in forecasting revenue changes accurately, OMB also made an additional \$35 billion downward adjustment over 2004 and 2005 to correct for uncertainty.

Sensitivity to Economic Changes

There is uncertainty in any economic forecast. In its latest outlook, CBO looked at the possible impact of lower economic growth on its budget projections. If the growth rate of real GDP is 0.1 percentage point lower than expected starting in 2004, the total 2005-2014 budget deficit would be \$236 billion higher. According to similar analysis by OMB, a reduction in the real GDP growth rate of 1 percentage point would increase the 2004-2009 deficits by \$186.7 billion. However, it is important to note that there are risks to both the upside and downside, not just the downside, as some have suggested.

ECONOMIC PROJECTIONS COMPARISON
(Calendar Years)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
% Change (Year to Year):							
Nominal GDP Growth							
Administration*	4.8	5.7	4.9	5.0	5.1	5.2	5.2
CBO*	4.8	5.9	5.3	4.7	4.5	4.7	4.7
Blue Chip*	4.8	6.0	5.4	5.2	5.1	5.3	5.3
Real GDP Growth							
Administration	3.1	4.4	3.6	3.4	3.3	3.2	3.1
CBO	3.2	4.8	4.2	3.2	2.7	2.8	2.8
Blue Chip	3.1	4.6	3.7	3.2	3.1	3.2	3.2
Consumer Price Index							
Administration	2.3	1.4	1.5	1.8	2.1	2.4	2.5
CBO	2.3	1.6	1.7	2.0	2.2	2.2	2.2
Blue Chip	2.3	1.6	2.0	2.3	2.4	2.4	2.4
GDP Price Index							
Administration	1.6	1.2	1.3	1.5	1.7	2.0	2.0
CBO	1.6	1.1	1.1	1.5	1.8	1.9	1.9
Blue Chip	1.6	1.4	1.6	1.9	1.9	2.0	2.0
Annual Rate:							
Unemployment							
Administration	6.0	5.6	5.4	5.2	5.1	5.1	5.1
CBO	6.0	5.8	5.3	5.0	5.1	5.2	5.2
Blue Chip	6.0	5.7	5.4	5.4	5.3	5.3	5.2
Three-Month T-Bill							
Administration	1.0	1.3	2.4	3.3	4.0	4.3	4.4
CBO	1.0	1.3	3.0	4.0	4.6	4.6	4.6
Blue Chip	1.0	1.2	2.5	3.7	3.9	4.1	4.1
Ten-Year T-Note							
Administration	4.0	4.6	5.0	5.4	5.6	5.8	5.8
CBO	4.0	4.6	5.4	5.5	5.5	5.5	5.5
Blue Chip	4.0	4.6	5.3	5.5	5.6	5.6	5.6
Share of GDP:							
Corporate Profits							
Administration	7.7	8.5	10.8	9.9	9.4	9.2	9.1
CBO	7.7	8.1	10.8	10.6	10.1	9.7	9.3
Wage and Salaries							
Administration	46.4	46.1	46.6	46.9	47.2	47.2	47.2
CBO	46.3	45.9	46.1	46.2	46.4	46.4	46.5

*President's FY 2005 Budget; CBO's "Economic and Budget Outlook: Fiscal Years 2005 - 2014"; Blue Chip February 2004 Economic Indicators for 2004 and 2005, Blue Chip October 2003 Economic Indicators for 2006-2009.

III. SPENDING AND REVENUES BASELINE ASSUMPTIONS

A budget resolution is a statement of dollar aggregates that represent the set of spending and tax policies that the Congress agrees to pursue over some time in the future, but it does not exist in a vacuum. The way we have come to explain a budget resolution is to describe how it would change these aggregates compared to what the budget would look like if current law were to remain in place. The starting point for such a comparison point is called a budget baseline.

The baseline used by the Budget Committee is based on projections made by the Congressional Budget Office in its January 2004 *Budget and Economic Outlook: Fiscal Years 2005 through 2014, as revised and reported in CBO's March 2004 Analysis of the President's Budgetary Proposals for Fiscal Year 2005*.

Congressional budget law acknowledges the utility of a baseline by providing details about how a baseline is to be constructed. Section 257 of the Balanced Budget and Emergency Deficit Control Act sets out the rules that CBO follows when preparing the baseline. For discretionary spending (which is controlled by annual appropriation bills), the rules provide that the projections should assume that discretionary appropriations are maintained at the level enacted in the current year (in this case, fiscal year 2004), adjusted for inflation, throughout the projection period (currently, 2005 through 2014). For mandatory spending and revenues, which are usually governed by permanent law, the rules generally provide that the projections should assume no changes in current law (though any phasing in, or phasing out, of policy changes provided for in current law are reflected). There are certain specified exceptions. In the case of mandatory spending, any programs in place in 1997 that have outlays of \$50 million or more a year are considered to be permanent even if they actually expire under current law. (See Table 3-9 on pages 66-67 of CBO's January 2004 Budget and Economic Outlook for a list of programs that the baseline assumes will continue beyond their current expiration dates.) For mandatory programs with annual outlays of more than \$50 million enacted after 1997, CBO makes the decision whether to continue an expiring program in the baseline on a case-by-case basis, in consultation with the House and Senate Budget Committees. This way, recently created programs that were intended to be temporary are assumed to expire in the baseline.

The revenue baseline takes into account that some provisions are scheduled to change or expire over the 2005-2014 period. Overall, the baseline assumes that those changes and expirations occur on schedule. However, any excise tax dedicated to a trust fund is assumed to be continued in the baseline even if it is scheduled to expire under current law. This special rule affects the projections for taxes that finance the Highway Trust Fund, the Airport and Airways Trust Fund, and the Leaking Underground Storage Tank Trust Fund.

The baseline used by the Budget Committee in developing the budget resolution for fiscal year 2005 is based on the March 2004 projections of CBO.

A. SPENDING BY FUNCTION

FUNCTION 050: NATIONAL DEFENSE FY2005 BUDGET RESOLUTION

Department of Defense-Military
Atomic energy defense activities
Defense-related activities

(\$ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	463.6	415.3	445.7	456.2	467.5	479.5
Outlays	452.9	444.0	440.6	441.3	451.4	463.1

Discretionary

The Committee-reported resolution assumes discretionary spending in this function would total \$413.9 billion in BA and \$441.7 billion in outlays for 2005. This represents a decrease of \$45.2 billion in BA (-9.8 percent) and \$10.2 billion in outlays (-2.3 percent) from the 2004 level, factoring in \$65.1 billion in BA provided in the 2004 Emergency Supplemental for military operations in Iraq and Afghanistan. When this funding is excluded the Mark for 2005 represents an increase of \$19.9 billion in BA (5.1 percent) above the 2004 level.

To address the ongoing costs of military operations in Iraq and Afghanistan, the Mark includes a \$30 billion reserve for supplemental appropriations. This “war reserve” is described in the Enforcement Title. When the war reserve is included, the Mark for function 050 represents an increase of \$49.9 billion in BA (12.7 percent) above the 2004 level.

To guarantee that it remains in order when brought to the Senate floor, the Committee-reported resolution reflects a discretionary total of \$814 billion for FY 2005. To remain at this level, the Committee-reported resolution reflects most of the President’s requested increase for defense. Ultimately, the conference report on the 2005 budget resolution will allocate one discretionary level to the Appropriations Committee (302(a) allocation), and it is in the jurisdiction of the Appropriations Committee, not the Budget Committee, to set appropriation levels for 2005 for all discretionary programs. In light of that reality, the Committee-reported resolution encourages the Appropriations Committee to give careful consideration to the President’s \$72 million requested increase for the Radiation Exposure Compensation Act to ensure adequate resources will be available to pay all claimants through 2005.

FUNCTION 150: INTERNATIONAL AFFAIRS FY2005 BUDGET RESOLUTION

International development and humanitarian assistance
International security assistance
Conduct of foreign affairs
Foreign information and exchange activities
International financial programs

(\$ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	43.7	30.1	34.7	35.3	35.7	35.7
Outlays	29.3	33.8	32.5	31.3	31.3	31.8

Discretionary

The Committee-reported resolution assumes discretionary spending in this function would total \$30.5 billion in BA and \$36.8 billion in outlays for 2005. This represents a decrease of \$18.2 billion in BA (-37.3 percent) and an increase of \$2.6 billion in outlays (7.7 percent) from the 2004 level, factoring in \$21.8 billion in BA provided in the 2004 Emergency Supplemental for international affairs activities (including \$19.4 billion for international relief and reconstruction activities in Iraq – \$983 million for the Coalition Provisional Authority and \$18.4 billion for Iraq reconstruction). When this funding is excluded the Mark for 2005 represents an increase of \$3.6 billion in BA (13.5 percent).

The Mark includes the following specific assumptions:

The Mark fully funds all but two programs in the President's budget request, including:

- \$1,061 million for the International Development Association
- \$401 million for the Peace Corps
- \$1,185 million for Public Law 480 Title II Grants
- \$410 million for Assistance for Eastern Europe and the Baltic States
- \$1,308 million for the Sustainable Development Assistance Program
- \$1,450 million for the Global HIV/AIDS Initiative
- \$550 million for Assistance for the Independent States of the Former Soviet Union
- \$1,420 million for Child Survival and Disease Programs
- \$415 million for Nonproliferation, Antiterrorism, Demining, and Related Programs
- \$4,958 million for the Foreign Military Financing Program

- \$2,520 million for the Economic Support Fund
 - \$4,285 million for Diplomatic and Consular Programs
 - \$1,539 million for Embassy Security, Construction, and Maintenance
 - \$650 million for Contributions for International Peacekeeping Activities
 - \$1,194 million for Contributions for International Organizations
 - \$1,034 million for Foreign Information and Exchange Activities, and
 - \$167 million for International Financial Programs
- The Mark provides \$1.5 billion for the Millennium Challenge Corporation (MCC) in 2005. Congress provided \$1 billion for the MCC in 2004, and the President requested \$2.5 billion for the MCC in 2005. Many details and procedures remain to be worked out before the disbursement of previously provided funds can commence. The State Department expects to identify candidate countries and begin receiving proposals later this year with first disbursements not expected until late summer. The Chairman believes it would be best to first establish operating procedures and a solid track record for this new government corporation before scaling up the program as rapidly as in the President's request.
 - The Mark provides none of the \$100 million requested for an Emergency Fund for Complex Foreign Crises. In the last two years the Administration has requested similar authority and funding four times. Congress did not act on any of these requests. As Congress did not provide funds when previously requested, the Committee-reported resolution does not include the requested funds.

Mandatory

The Chairman's mark assumes no mandatory increases or decreases in this function.

FUNCTION 250: GENERAL SCIENCE, SPACE, AND TECHNOLOGY FY2005 BUDGET RESOLUTION

General science and basic research
Space flight, research, and supporting activities

(\$ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	23.4	23.7	25.4	26.3	26.5	26.5
Outlays	22.3	23.2	24.9	25.6	25.9	26.1

Discretionary

The Committee-reported resolution assumes discretionary spending in this function would total \$23.6 billion in BA and \$23.0 billion in outlays for 2005. This represents an increase of \$310 million in BA and \$820 million in outlays from the 2004 level. The resolution includes the following specific assumptions:

For NASA (including function 250 and 400 accounts), \$15.6 billion is assumed, a \$219 million (1.4 percent) increase over 2004. While the resolution supports the President's vision for exploration and discovery, the current budget situation necessitates slower implementation. The resolution assumes fully funding the President's request for NASA in 2006 and beyond.

For the Department of Energy Office of Science, the resolution rejects the President's requested cut, and instead assumes an additional \$38 million (1.1 percent) above the 2004 level.

FUNCTION 270: ENERGY FY2005 BUDGET RESOLUTION

Energy supply
Energy conservation
Emergency energy preparedness
Energy information, policy, and regulation

(\$ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	2.4	2.8	2.8	2.8	2.5	2.1
Outlays	0.1	1.2	1.7	1.2	0.6	0.7

Discretionary

The Committee-reported resolution assumes discretionary spending in this function would total \$3.7 billion in BA and \$3.8 billion in outlays for 2005. This represents an increase of \$0.1 billion in BA and \$0.5 billion in outlays from the 2004 level. The Committee-reported resolution includes the following specific assumptions:

The Committee-reported resolution includes \$1 billion for non-defense Environmental Management, which is \$86 million more than last year. There is also \$7.0 billion for Defense Environmental Management, which is the same as the President's request and \$365 million more than last year in function 050. This resolution does not assume that any of this funding will be delayed until legal uncertainties regarding high level nuclear waste are resolved.

The resolution does not assume the President's cuts to Fossil Energy Research and Development, and instead funds the program at \$673 million which is the same as last year.

The resolution assumes \$834 million for Energy supply which is the same level as the President's request and \$81 million more than last year's level. The resolution assumes that \$55 million of this increase will be for Nuclear Energy, Science, and Technology, and will support the Generation IV Nuclear Energy Systems Initiative, Nuclear Hydrogen Initiative, and Advanced Fuel Cycle Initiative.

Mandatory

The Committee-reported resolution includes a reserve fund for an energy bill totaling \$261 million in FY 2005 and \$1.5 billion over 5 years. This includes provisions dealing with renewable energy, oil and gas, coal, electricity, energy tax incentives, and ethanol.

FUNCTION 300: NATURAL RESOURCES AND ENVIRONMENT FY2005 BUDGET RESOLUTION

Water resources
Conservation and land management
Recreational resources
Pollution control and abatement
Other natural resources

(\$ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	32.3	32.8	32.9	32.9	32.8	33.5
Outlays	30.5	31.0	33.0	33.1	32.9	33.5

Discretionary

The Committee-reported resolution assumes discretionary spending in this function would total \$30.0 billion in BA and \$29.2 billion in outlays for 2005. This represents a decrease of \$0.3 billion in BA and \$0.5 billion in outlays from the 2004 level. The Committee-reported resolution includes the following specific assumptions:

The resolution does not accept the Administration's cuts to the Corps of Engineers and instead assumes \$4.4 billion, which is the same level of funding as last year. This includes \$1.4 billion for operation and maintenance and \$1.6 billion for construction.

The resolution assumes \$8.6 billion for the Environmental Protection Agency. This includes \$4.0 billion for State and Tribal Assistance Grants, which is the same as last year, plus an additional \$65 million for the new clean school bus program. This level also includes the President's request of \$1.4 billion for Superfund, which is an increase of \$138 million or 11 percent from last year. This level also assumes \$3 million within the EPA budget to fund the establishment of an independent Office of Ombudsman, pending enactment of authorizing legislation.

The Committee-reported resolution assumes \$907 million for fire suppression within the Forest Service and Department of the Interior. This is the same as the President's request and \$117 million more than was spent last year after adjusting emergency funding out of the 2004 level. In addition, the resolution includes language that will allow up to \$500 million in additional funds for wildfire suppression to be appropriated without penalty if the 10-year average is appropriated in the Interior Appropriations bill. In addition the Committee-reported resolution supports the establishment of cost containment measures for fire suppression.

The resolution does not accept the Administration's cuts to State and Private Forestry, and instead assumes \$429 million, the same level of funding as last year. The Committee recognizes the important role that these programs play in order to implement cooperative forestry across federal, state and private lands.

The resolution assumes \$5 million will be spent within the Bureau of Land Management on wilderness proposals resulting from the collaborative process.

The resolution supports payments of \$53 million in 2005 and \$265 million over 5 years from the Abandoned Mine Reclamation Fund to the certified public lands states.

The resolution supports continued funding of programs within the expired Conservation Spending Caps.

The resolution assumes \$100 million for Pacific Coastal Salmon Recovery. This is an \$11 million increase over last year's level and the same as the President's request.

The resolution assumes that \$410 million from mandatory Farm Bill conservation programs will be used as discretionary offsets in 2005.

Mandatory

The Committee-reported resolution assumes the President's proposal allowing the Park Service to change rental payments to the city of San Francisco for the Hetch Hetchy Dam in Yosemite National Park.

The resolution assumes a technical correction to the baseline that will allow technical assistance for the Conservation Reserve Program and the Wetlands Reserve Program to come out of mandatory Agriculture funds as was intended in 2002 Farm Bill.

The Committee adopted an amendment by Senator Grassley during the Committee markup that added \$531 million over 5 years to this function to support farm conservation programs.

FUNCTION 350: AGRICULTURE FY2005 BUDGET RESOLUTION

Farm income stabilization
Agricultural research and services

(\$ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	20.2	21.8	23.8	24.7	24.6	25.6
Outlays	18.8	21.0	22.6	23.5	23.5	24.6

Discretionary

The Committee-reported resolution assumes discretionary spending in this function would total \$5.4 billion in BA and \$5.6 billion in outlays for 2005. This represents a decrease of \$0.2 billion in BA and \$0.1 billion in outlays from the 2004 level. The Committee-reported resolution includes the following specific assumptions:

The Committee-reported resolution assumes an increase of \$294 million in budget authority from last year's level for activities related to homeland security, a 94-percent increase over last year. This includes a \$115 million increase for the Agriculture Research Service to provide for the acceleration of the completion of the animal research lab in Ames, Iowa.

The resolution assumes an increase of \$85 million over last year for activities to respond to the discovery of Bovine Spongiform Encephalopathy (BSE) in the United States and Canada. Of this increase, \$50 million is in this function for the Animal and Plant Health Inspection Service. The remaining \$35 million increase is for the Food Safety Inspection Service and appears in function 550.

The resolution assumes \$105 million for PL 480 Title I funding. This is the same as last year, but \$15 million over the President's request.

The resolution did not accept any of the Administration's proposed user fees for this function.

The resolution assumes \$260 million in discretionary savings by blocking funding for the Initiative for Future Agriculture and Food Systems. This proposal was enacted in the 2004 Agriculture Appropriations Bill.

Mandatory

The Committee adopted an amendment by Senator Grassley to reduce farm program payments in this function and provide additional funds for agriculture conservation programs, food nutrition programs and rural development programs in functions 300, 450 and 600.

FUNCTION 370: COMMERCE AND HOUSING CREDIT FY2005 BUDGET RESOLUTION

Mortgage credit
Postal Service
Deposit insurance
Other advancement of commerce

(\$ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	14.7	5.6	5.2	6.2	6.0	6.3
Outlays	10.3	0.8	-0.2	0.5	-0.8	-0.7

Discretionary

The Committee-reported resolution assumes discretionary spending in this function would total -\$1.9 billion in BA and -\$0.6 billion in outlays for 2005 (several activities in this function are funded by offsetting collections that exceed the level of spending). The Committee-reported resolution includes the following specific assumptions:

All the President's requested increases for conducting the decennial census (45 percent), for strengthening the Securities and Exchange Commission (12.4 percent), and for making homeland security investments in the Department of Commerce (4.6 percent).

The President's budget proposes to eliminate the Advanced Technology Program (ATP) in the Department of Commerce because private investors are better able than the federal government to decide which research efforts should be funded. The U.S. venture capital markets are the best developed in the world, do an effective job of funding new ideas, and focus on many of the same research areas as the ATP. Venture capital funds have grown enormously since the ATP was conceived. Therefore, this proposal is reflected in the Committee-reported resolution.

The President's budget proposes to terminate payments of tariffs (collected under antidumping or countervailing duty orders) over to affected industries. Before 2001, these tariffs were deposited in and retained by the Treasury. Since then, the tariffs have become mandatory payments, which the World Trade Organization ruled as breaking international trade agreements. On March 2, 2004, CBO released analysis of these payments that said the following: "The Continued Dumping and Subsidy Offset Act [CDSOA] of 2000 can be expected to result in more antidumping and countervailing-duty petitions and more support for those petitions by import-competing industries. That, in turn, would lead to the initiation of more AD/CVD cases, the imposition of more duties, and greater consequent harm to the economy as a whole Under CDSOA, the firm sees a lower cost than the true cost to the economy of its output. As a result, the firm increases its output beyond the point where the unsubsidized cost to the firm—and thus to the economy—is balanced by the price. Since the price or value is less than the cost to the economy of that additional output, the economic welfare of the country is reduced Consequently, U.S. gross domestic product and gross national product decline." This proposal is assumed in the resolution, saving \$1.45 billion in budget authority in 2005.

To guarantee that it remains in order when brought to the Senate floor, the Committee-reported resolution reflects a discretionary total of \$814 billion for FY 2005. To remain at this level, most nondefense discretionary programs are assumed to be frozen at the 2004 level. Ultimately, the conference report on the 2005 budget resolution will allocate one discretionary level to the appropriations committee (302(a) allocation), and it is in the jurisdiction of the Appropriations Committee, not the Budget Committee, to evaluate the effectiveness of individual programs and then set appropriation levels for 2005 for all discretionary programs. In light of that reality, the Committee-reported resolution encourages the Appropriations Committee to give careful consideration to the President's total request for the Small Business Administration, and within that level the resolution notes its supports for the Small Business Innovation Research Rural Outreach Program at the \$1 million level, the Federal and State Technology Partnership Program at the \$3 million level, and the Small Business Development Center Program at the \$100 million level. Further, the Committee-reported resolution recommends that the Appropriations Committee consider funding the Manufacturing Extension Program at the 2003 enacted level.

Mandatory

The Committee-reported resolution assumes no mandatory increases or decreases in this function.

FUNCTION 400: TRANSPORTATION FY2005 BUDGET RESOLUTION

Ground transportation
Air transportation
Water transportation
Other transportation

(\$ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	69.2	70.0	70.9	71.4	71.8	72.2
Outlays	65.7	68.4	71.0	72.2	72.6	72.6

Discretionary

The Committee-reported resolution assumes discretionary spending in this function would total \$23.8 billion in BA and \$66.2 billion in outlays for 2005. This represents an increase of \$0.1 billion in BA and \$2.3 billion in outlays from the 2004 level.

The Committee-reported resolution reflects the President's full request for the homeland security activities in this function (a 13.2-percent increase over 2004).

Mandatory

The Senate-passed surface transportation bill for highways and transit (S. 1072 – SAFETEA) exceeded the level allowed by the FY2004 Budget Resolution by \$36 billion in contract authority over 2004-2009. In addition, the bill would increase the deficit by spending a net of \$29 billion (over the next six years) more than the highway trust fund revenues that would be collected under current law. The Administration has informed Congress that the President's senior advisors would recommend that he veto S. 1072 as passed by the Senate. In light of this veto threat, the Committee-reported resolution reflects the President's request for surface transportation contract authority (with related outlays on the discretionary side of the budget) for the next five years, as it is more likely to be enacted into law. As in the 2004 Budget Resolution, the Committee-reported resolution for 2005 includes a mechanism by which these initial levels could be increased if legislation is considered by the Senate that would levy and deposit net new transportation user fee revenues (which are not already being collected by the federal government under current law) into the Highway Trust Fund.

The President's proposal for the transportation reauthorization bill is \$256 billion (in terms of the figures usually discussed, this includes both contract authority as well as an authorization of \$8 billion in discretionary budget authority for transit programs for 2004-2009). This is a 17-percent increase over the levels enacted in the previous authorization bill (TEA-21), which was \$218 billion for 1998-2003. In contrast, S. 1072 totals at least \$318 billion (including discretionary budget authority for transit), which is a 46-percent increase over TEA-21 and is 24 percent more than the President's request.

FUNCTION 450: COMMUNITY AND REGIONAL DEVELOPMENT FY2005 BUDGET RESOLUTION

Community development
Area and regional development
Disaster relief and insurance

(\$ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	16.7	13.6	13.4	13.6	13.7	13.9
Outlays	16.7	15.0	15.0	14.1	13.6	13.7

Discretionary

The Committee-reported resolution assumes discretionary spending in this function would total \$13.2 billion in BA and \$15.2 billion in outlays for 2005, a decrease of \$2.4 billion in BA and \$1.0 billion in outlays from the 2004 level. The Committee-reported resolution includes the following specific assumptions:

- For the Office of Domestic Preparedness, the Committee-reported resolution fully supports the President's proposal for first responders and assumes \$3.6 billion to ensure that they are properly trained and equipped. This includes \$500 million for assistance to firefighters and \$500 million for state and local law enforcement antiterrorism activities. Since 2001, Congress has appropriated close to \$15 billion (or \$20 billion if programs outside the Department of Homeland Security are included) for state and local first responders. The Committee notes with concern reports about misuse of money provided to states and localities under this program

and supports policies to ensure these funds are being properly spent.

- The Committee-reported resolution assumes \$3.0 billion in 2005 for disaster relief activities. This level is consistent with the average annual cost of (non-terrorist) disaster events over the past five years. This includes \$2.2 billion in new BA, as well as money left over from prior years. This \$2.2 billion in new money represents an increase of \$384 million, or 21.7 percent, over the 2004 level.
- The Committee-reported resolution supports the pre-disaster mitigation grant program that helps communities prevent, rather than react to, disasters. The Committee-reported resolution assumes \$169 million for the program, an amount equal to last year's level.
- The Committee-reported resolution assumes continuation of the Community Development Block Grant Program (CDBG), but proposes to target CDBG entitlement grants to lower income communities.

Mandatory

- The views and estimates letter from the Chairman of the Senate Banking Committee signals the Committee's intent to focus on addressing repetitive loss properties under the National Flood Insurance Program (NFIP). The Committee-reported resolution assumes a savings proposal that would deny federal flood insurance for certain repeatedly flooded properties. The NFIP currently insures roughly 45,000 repeatedly flooded properties, representing about 1 percent of all policies in force but accounting for a much larger share of annual flood losses.
- The Committee-reported resolution reflects the Committee's adoption of a Grassley amendment increasing function 450 by \$25 million for value-added marketing loan benefits.

FUNCTION 500: EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES FY2005 BUDGET RESOLUTION

Elementary, secondary, and vocational education
Higher education
Research and general education aids
Training and employment
Other labor services
Social services

(\$ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	89.5	97.6	95.3	95.6	95.8	96.1
Outlays	86.5	88.3	92.9	93.7	94.2	94.6

Discretionary

The Committee-reported resolution assumes discretionary spending in this function would total \$81.1 billion in BA and \$77.2 billion in outlays for 2005. This represents an increase of \$3.1 billion (4.0 percent) in BA and \$0.2 billion in outlays from the 2004 level. The resolution includes the following specific assumptions:

- Consistent with the President's proposals, the increases assumed in the Committee-reported resolution would bring our Nation's overall investment in elementary and secondary education to nearly \$500 billion, surpassing spending on our national defense and exceeding per-pupil education spending of every other nation except Switzerland.
- The Committee-reported resolution includes \$13.3 billion in 2005 for Title I grants to Local Education Agencies (LEAs) - the largest component of the No Child Left Behind Act. The \$1.0 billion (8.1 percent) increase over 2004 would fund services to disadvantaged students and improvements for low-performing schools. At this level, funding for Title I grants would be \$4.6 billion (52 percent) greater than in 2001.
- The Committee-reported resolution would increase funding for Part B Grants to States for individuals with disabilities by \$1.0 billion in each of the next two years. This is the fourth in a series of consecutive \$1.0 billion annual increases, which cumulatively have raised the Federal share of average per pupil expenditures to nearly

20 percent, the highest level of Federal support ever provided to disabled children. With 2005 funding at \$11.1 billion, funding for Part B Grants would reflect an increase of \$4.7 billion (75 percent) since 2001.

- The Committee-reported resolution does not incorporate any of the President's program terminations. However, the Committee supports the President's effort to eliminate duplicative and unproductive programs and encourage the Appropriations Committees to carefully examine these proposals to maximize efficient use of taxpayer dollars during this challenging budget cycle.
- For Pell Grants, the Committee-reported resolution assumes a \$0.9 billion increase, which matches the President's request of \$12.9 billion in order to fully fund a \$4,050 maximum award. Within the Pell Grant total, the resolution includes \$33 million for the Bunning Enhanced Pell Grants. The resolution also incorporates a scoring rule (similar to the President's proposal) to equalize the scoring treatment of budget authority and outlays for the Pell Grant program.
- Currently, the administrative expenses of the Federal Direct Student Loan Program receive a permanent mandatory appropriation. No other federal credit program has such a mandatory appropriation for administrative expenses. Instead, they are subject to annual review by the Appropriations committee. The Committee-reported resolution, consistent with the President's proposal, assumes shifting the \$795 million in mandatory spending for these administrative expenses (Sec. 458) to an annual discretionary appropriation.
- The Committee recognizes how important the Impact Aid Program is for school districts serving the needs of federally connected children throughout the country especially the emotional and family needs of military dependent children during this time of conflict in Iraq. The Committee urges that sufficient resources be provided allowing school districts to maintain the same level of service as what they were able to provide in fiscal year 2004.

Mandatory

- The Committee-reported resolution provides a reserve fund to facilitate consideration of the Higher Education Reauthorization. This fund provides the Health, Education, Labor and Pensions (HELP) Committee with \$5.0 billion through 2009. These funds may be used to increase student loan limits, reduce borrower origination fees or maintain the existing variable rate interest structure for Stafford loans after 2006. In addition, \$3.7 billion in BA only is provided to eliminate the current Pell Grant shortfall. In recent years, this shortfall has grown dramatically due to insufficient appropriations. The program may not continue to be financially viable unless this shortfall is addressed.

FUNCTION 550: HEALTH FY2005 BUDGET RESOLUTION

Medicaid/SCHIP
National Institutes of Health
Health Resources and Services
Centers for Disease Control and Prevention

(\$ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	241.8	250.6	254.7	268.0	286.8	307.9
Outlays	239.6	246.1	255.6	267.8	286.5	305.5

Discretionary

The Committee-reported resolution assumes discretionary spending in this function would total \$53.4 billion in BA and \$48.7 billion in outlays for 2005. This represents an increase of \$1.6 billion in BA and a decrease of \$0.6 billion in outlays from the 2004 level. The resolution includes the following specific assumptions:

The Omnibus Appropriations Bill of 2003 completed the planned five-year doubling of the NIH budget from \$13.7 billion in 1998 to \$27.1 billion in 2003. The Committee-reported resolution includes an additional increase in 2005, bringing the total NIH funding to \$28.7 billion. The resolution assumes \$1.7 billion for NIH biodefense efforts, an increase of 7.4 percent over 2004.

The resolution also assumes a \$35 million increase in food safety and inspections at USDA. These funds will help USDA detect and prevent BSE (mad cow disease) as well as help detect bioterrorism.

The resolution also includes two one-year changes in Medicaid to offset 2005 discretionary spending. The first is a reduction in the federal medical assistance percentage (FMAP) for information systems from a 90-percent to 75-percent federal share. The second is a reduction in federal reimbursement for the administrative costs of Medicaid to reflect the share assumed in the Temporary Assistance to Needy Families (TANF) block grant and prohibit states from using TANF funds to pay those costs in 2005.

Mandatory

The Committee-reported resolution provides for a one-year extension of the QI1 program, under which Medicaid pays the Medicare Part B premium for low-income beneficiaries.

The Committee recognizes that the Temporary Assistance for Needy Families (TANF) reauthorization is likely this year, and that the reauthorization will be paid for with spending reductions and not increase the deficit.

The Committee also notes that there is great potential for savings in the Medicaid program due to waste and abuse in the system. The Committee-reported resolution includes reconciliation instructions for the Finance Committee to report legislation that reduces mandatory spending by \$3.4 billion over 2005 - 2009. As the Finance Committee considers this legislation, the Budget Committee points out that many states are using Medicaid funds to provide health care to low-income individuals and understands the need to balance all issues when reporting this legislation. The reconciliation legislation may include policies achieving savings in Medicaid or other programs.

The resolution also includes a deficit neutral reserve fund for legislation that addresses access to health-care services and health insurance for the uninsured. This reserve fund allows the Chairman to adjust applicable allocations and aggregates to accommodate this legislation if the Committee on Finance or the Committee on Health, Education, Labor, and Pensions reports a bill that provides health insurance for the uninsured or that increases access to health insurance through lowering costs – provided that any such measure does not increase the costs of current health coverage.

The Committee understands that protecting patients' access to quality and affordable health care by reducing the effects of excessive liability costs is important to improve access to health-care providers and reduce health-care costs. The Committee encourages committees of jurisdiction to examine such concepts as sensible limits on non-economic damages and reserving punitive damages for case that justify them.

Public and private health plans and employers pay the medical expenses of insured individuals when they are injured by a third party, but in these circumstances public and private health plans and employers are entitled under federal law to be repaid if the individual later recovers damages from the third party causing the injury. The right of recovery is an important means to restore federal revenue, to contain private health plan and employer costs and to reduce health care premiums for individuals. The Committee understands the recovery rights of federal health programs (Medicare, FEHPB and M+C) and private health plans have been eroded by recent court decisions. The result is higher federal and private health plan costs. Last year, Congress acted to shore up the Medicare program's recovery right. The Committee encourages the committees of jurisdiction to examine proposals that will strengthen the right of recovery for federal programs and private health plans and employers.

FUNCTION 570: MEDICARE FY2005 BUDGET RESOLUTION

Medicare

(\$ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	269.6	287.5	322.5	362.0	386.8	412.9
Outlays	268.8	288.7	322.0	362.3	386.8	412.5

Discretionary

The Committee-reported resolution assumes discretionary spending in this function would total \$3.7 billion in BA and \$3.7 billion in outlays for 2005. This represents a decrease of \$0.2 billion in BA and \$0.1 billion in outlays from the 2004 level. The resolution includes the following specific assumptions:

The resolution assumes three relatively minor changes proposed by the President to offset discretionary spending. These are user fees relating to claims, a change to the Medicare secondary payer (MSP), and a change in durable medical equipment. These proposals would save approximately \$1 billion over the next five years.

The Committee recognizes the importance of the proper and timely implementation of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, P.L. 108-173 and assumes increased funding for administering this new program in 2005 and beyond.

FUNCTION 600: INCOME SECURITY FY2005 BUDGET RESOLUTION

General retirement and disability insurance
Federal employee retirement and disability
Unemployment compensation
Housing assistance
Food and nutrition assistance
Other income security

(\$ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	329.2	337.7	343.2	348.1	361.5	371.4
Outlays	336.0	341.9	346.6	350.8	363.5	372.9

Discretionary

The Committee-reported resolution assumes discretionary spending in this function would total \$46.4 billion in BA and \$51.4 billion in outlays for 2005. This represents an increase of \$1.8 billion in BA and a decrease of \$1.7 billion in outlays from the 2004 level. The Committee-reported resolution includes the following specific assumptions:

The Committee-reported resolution incorporates the President's funding proposal for the Special Supplemental Nutrition Program for Women, Infants and Children (WIC). The resolution provides \$4.8 billion in 2005, an increase of \$175 million from 2004, or 3.8 percent.

The Committee-reported resolution assumes the President's funding level for the Low Income Home Energy Assistance Program (LIHEAP). The resolution assumes \$2 billion in 2005, a \$112 million (6 percent) increase.

The Committee-reported resolution assumes the President's proposed funding level of \$2.1 billion for discretionary payments to the States for the Child Care Development and Block Grant Program. This represents a \$13 million increase from 2004.

Under the Committee-reported resolution, sufficient budget authority and outlays are provided to renew all utilized section 8 housing contracts. The resolution does not reflect the Administration's block grant proposal (consistent with Congressional action in 2004 appropriations on a similar proposal in 2004 budget request). The Committee-reported resolution assumes the President's proposal to complete the phase-out of funding for

revitalization of severely distressed public housing (HOPE VI) because the program has achieved its goal of demolishing 100,000 severely distressed public housing units by 2003.

Mandatory

The Committee-reported resolution assumes \$18 billion in additional outlays (over five years) that are related to the President's proposal to extend the \$1,000 child credit and marriage penalty relief.

The Committee-reported resolution recognizes that TANF reauthorization is likely this year and assumes that the reauthorization will be paid for with spending cuts and will not increase the deficit. The Committee is supportive of efforts to recognize and develop the role of self-sustainable social services, such as Goodwill, which are critical in the success of moving welfare recipients to work.

The Committee-reported resolution also assumes aspects of the President's proposal to enhance Child Support Enforcement collections. These efforts will increase collections and direct more of the support collected to children and families.

The Committee-reported resolution recognizes that the Child Nutrition program is likely to be reauthorized this year, and assumes \$11.7 billion for these programs in 2005. The Committee-reported resolution also assumes \$232 million over 2005 – 2009 for the continued cost of excluding certain military housing allowances from income when determining eligibility for free and reduced-price school meals, and allowing for-profit child care centers to participate in the Child and Adult Care Food Program (CACFP).

The Committee-reported resolution assumes the President's proposal for an administrative fee for non-TANF child support collections of at least \$500, saving \$199 million over 5 years.

The Committee-reported resolution assumes the President's funding level of \$28.3 billion for the Food Stamp program in 2005.

The Committee-reported resolution incorporates the Administration's plan to change the Federal Employee Compensation (FECA) benefit structure and reform proposal.

The Committee-reported resolution assumes savings from reform of the Earned Income Credit (EIC). The cost of the EIC has skyrocketed in recent years due to program expansions, fraud, and errors, with total program costs growing from \$6.6 billion in 1990 to nearly \$36 billion in 2003. IRS and GAO estimate that over-claim rates on 1999 tax returns were about 30 percent. The Finance Committee is reconciled to reduce outlays over five years, which could be accomplished by repealing the childless benefit or requiring more recipients to receive the benefits in their paychecks.

The Committee-reported resolution reflects an amendment by Senator Grassley that was adopted by the Committee that adds \$665 million over 5 years in new mandatory spending for Food and Nutrition Programs.

FUNCTION 650: SOCIAL SECURITY FY2005 BUDGET RESOLUTION

(\$ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	498.2	518.9	540.0	565.3	593.4	625.3
Outlays	496.6	517.2	537.8	562.9	590.8	622.4

Discretionary

The Committee-reported resolution assumes discretionary spending in this function would total \$4.2 billion in BA and \$4.3 billion in outlays for 2005. This represents an increase of 2.8 percent or \$0.1 billion in BA.

Mandatory

The resolution assumes the President's proposal to close an existing loophole that allows former state and local employees to receive their public pension and Social Security benefits even though they did not pay Social Security taxes. The resolution assumes the President's proposal to improve the reporting of non-covered pension income through pension administrators for state and local pensions sharing information with the Social Security Administration.

FUNCTION 700: VETERANS BENEFITS AND SERVICES FY2005 BUDGET RESOLUTION

Income security for veterans
Veteran's education, training and rehabilitation
Hospital and medical care for veterans
Veterans housing
Other veteran's benefits and services

(\$ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	61.4	70.4	68.2	66.2	69.3	69.9
Outlays	60.1	69.1	67.6	65.8	69.1	69.7

Discretionary

The Committee-reported resolution assumes discretionary spending in this function would total \$30.5 billion in BA and \$29.6 billion in outlays for 2005. This represents an increase of 4.4 percent or \$1.3 billion in BA and 5.5 percent or \$1.6 billion in outlays from the 2004 level.

The Committee-reported resolution proposes \$29.1 billion in total funding for VA medical programs. This includes \$27.1 billion in budget authority and \$2 billion in offsetting collections from the Medical Care Collections Fund (MCCF). This is an increase of 5 percent, or \$1.4 billion, over the 2004 enacted level. VA Medical Care spending has grown by 100 percent since 1993 and 42 percent since 2001.

The Committee-reported resolution reflects an amendment by Senator Bunning adopted during Committee mark up to increase Medical and Prosthetic Research by \$101 million in fiscal year 2005 and by \$536 million over fiscal years 2005-2009.

The Committee-reported resolution does not assume the President's proposal to establish a new \$250 enrollment fee for priority level 7 and 8 veterans or to increase the insurance and prescription drug co-payments for Priority 7 and 8 veterans from \$7 to \$15.

Mandatory

The Committee-reported resolution assumes a 1.3-percent cost of living adjustment for Compensation benefits that is due in 2005 under current law. After the adjustment, total mandatory spending in this function is projected to be \$39.8 billion in 2005, an increase of

23.6 percent or \$7.6 billion over the 2004 enacted level. Mandatory spending includes funding for Veterans Compensation, Pensions, insurance funds and readjustment programs.

The Committee-reported resolution assumes the President's proposal to restore the original interpretation of section 1110 of title 38 of the U.S. Code. This section prohibits veterans from receiving disability compensation for alcohol or drug abuse which arises secondarily from a service connected disability. In February 2001, the U.S. Court of Appeals decided that section 1110 did not preclude compensation for alcohol or drug abuse arising secondarily from a service-connected disability. If this legislation were enacted it would save \$9 million in 2005 and \$95 million over the 2005 – 2009 period.

FUNCTION 750: ADMINISTRATION OF JUSTICE FY2005 BUDGET RESOLUTION

Federal law enforcement activities
Federal litigative and judicial activities
Federal correctional activities
Criminal justice assistance

(\$ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	41.2	41.2	39.5	40.1	40.9	41.2
Outlays	39.6	40.6	40.2	40.3	40.8	41.2

Discretionary

The Committee-reported resolution assumes discretionary spending in this function would total \$36.9 billion in BA and \$36.9 billion in outlays for 2005, a decrease of \$0.2 billion in BA and an increase of \$1.4 billion in outlays from the 2004 level. The Committee-reported resolution includes the following specific assumptions:

- The Committee-reported resolution assumes a total of \$4.6 billion in this function for the Federal Bureau of Investigation (FBI), an increase of \$519 million or 12.8 percent over the 2004 level. Another \$495 million is assumed for the FBI in the defense function of the federal budget. Overall, the budget for the FBI is \$5.1 billion. The Committee-reported resolution concurs with the President's proposal to dramatically increase the agency's funding in order to fulfill the FBI's primary mission of preventing further terrorist attacks in America. A large portion of the funding increases will go to improve the FBI's intelligence capabilities, counterterrorism

investigations, and combating cybercrime.

- The Committee-reported resolution includes \$1.7 billion for a restructured account entitled Justice Assistance. The Committee-reported resolution concurs with the President's proposal to consolidate many duplicative grant programs within the Department of Justice in order to achieve better effectiveness. Programs from the State and Local Law Enforcement Assistance account, the Juvenile Justice account, and the Community Oriented Policing Services (COPS) account are combined under Justice Assistance in the Committee-reported resolution. Some highlights of this new Justice Assistance account include a \$509 million Justice Assistance Grant Program, the \$176 million DNA Initiative, the Southwest Border Prosecution Initiative, and funding for bulletproof vests.
- For the Bureau of Alcohol, Tobacco, Firearms and Explosives, the Committee-reported resolution assumes a level of \$868 million, which represents an increase of \$41 million or 5 percent above the 2004 level.
- The Committee-reported resolution assumes \$4.6 billion for the salaries and expenses of the Bureau of Customs and Border Protection (CBP), an increase of \$207 million or 4.7 percent above the 2004 level. The increase in funding will enhance border patrol surveillance and technology, continue the Container Security Initiative, and support the purchase of radiation detection equipment.
- The Committee-reported resolution assumes \$4.0 billion for the salaries and expenses of the Federal Courts of Appeals, District Courts, and other judicial services. This matches the President's request for 2005 and represents an increase of \$357 million or 9.7 percent above the 2004 level.
- The Committee is concerned about efficiency and cost-effectiveness of first responder spending and training. Therefore, the Committee-reported resolution encourages the use of homeland security funds to examine and possibly expand upon the Federal Law Enforcement Training Center's Distributed Learning Program for the purpose of secure, encrypted, geographically dispersed first responder e-learning.

Mandatory

- The Committee-reported resolution assumes the extension of two types of Customs User Fees, yielding \$784 million in 2005, \$7.6 billion over 5 years, and \$18.6 billion over 10 years.
- The Committee-reported resolution does not assume any funding for the creation of a government-administered trust fund intended to resolve the claims of victims for bodily injury caused by asbestos exposure. Although the Committee recognizes the urgent need for litigation reform designed to expedite justice for legitimate victims of asbestos exposure and to halt the corrosive effect that litigation abuse has on the economy, it is concerned that the creation of a new uncapped government entitlement,

during a period requiring austere budget discipline, would be imprudent and inconsistent with fiscal responsibility. The proposed use of mandatory contributions from defendant companies and insurers does not alleviate those concerns if the private contributions are capped at a finite level and the fund is not expected to meet the total liability of anticipated asbestos claims. The Committee does not believe it would be prudent to rely upon “sunset” provisions that would be triggered upon fund insolvency, thus returning potentially large numbers of unpaid claimants to the federal tort system. Past experience with government administered trust funds designed to mandate a “no-fault” solution for liability claimants demonstrate that, even with specific legislative language to the contrary, there is a low probability of an actual return to the tort system. Political resistance to implementing such a reversion will likely be insurmountable. In essence, the Committee is concerned that under such a scenario there is a possibility that a massive taxpayer bail-out could occur if Congress is forced to step in and sustain the fund.

FUNCTION 800: GENERAL GOVERNMENT FY2005 BUDGET RESOLUTION

Legislative functions
Executive direction and management
Central fiscal operations
General property and records management
Central personnel management
General purpose fiscal assistance
Other general government
Deductions for offsetting receipts

(\$ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	23.9	17.4	17.5	17.6	17.2	17.3
Outlays	24.7	17.5	17.3	17.4	17.0	16.8

Discretionary

The Committee-reported resolution assumes discretionary spending in this function would total \$15.6 billion in BA and \$15.7 billion in outlays for 2005. The Committee-reported resolution includes the following specific assumptions:

- The Committee-reported resolution assumes that \$1.4 billion provided for election reform programs in 2004 is not continued in the budget. To date, appropriations for

election reform have been essentially at the level recommended by the authorizing bill, totaling just over \$3.0 billion. The disbursement of these funds has been significantly delayed while awaiting the formation of the Election Assistance Commission (EAC), which is responsible for the oversight and disbursement of the federal grants to the states. The EAC was formed earlier this year and it is attempting to distribute these funds before the fall elections. The Committee-reported resolution does assume \$40 million for the Election Assistance Commission.

- The Committee-reported resolution reflects a Bunning amendment adopted by the Committee during mark up that reduces spending in this function by \$33 million to increase funding for Pell Grants in function 500.
- The Committee-reported resolution reflects a Bunning amendment adopted by the Committee during mark up that reduces spending in this function by \$101 million to increase funding for Veterans Medical Research in function 700.

Mandatory

- Under current law, there is a significant drop in mandatory spending from 2004 to 2005. This decrease is due to \$5.0 billion in state assistance provided as one-time funds for 2004 by the Jobs and Growth Tax Relief and Reconciliation Act of 2003.
- The Committee-reported resolution assumes an adjustment to the current fee structure for the National Indian Gaming Commission, which regulates and monitors gaming operations on Indian lands. Since 1998, the Commission has been prevented from collecting additional annual fees from gaming operations to cover the costs of its oversight responsibilities. The assumed restructuring of fees would allow the Commission to adjust its activities to the growth in the Indian gaming industry.

FUNCTION 920: ALLOWANCES FY2005 BUDGET RESOLUTION

(\$ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	0.000	-0.100	-0.100	-0.300	-0.300	-0.300
Outlays	0.000	-0.100	-0.100	-0.300	-0.300	-0.300

Mandatory

This function reflects the total combined impact of the Committee-adopted amendment by Senator Stabenow to allow drug reimportation, rather than reflecting the effects across the various federal health programs (e.g. Medicaid, Medicare, FEHBP, military health) as they would occur in their respective functions.

**FUNCTION 950: UNDISTRIBUTED OFFSETTING
RECEIPTS
FY2005 BUDGET RESOLUTION**

Employer share, employee retirement (on-budget)
Employer share, employee retirement (off-budget)
Rents and royalties on the Outer Continental Shelf
Sale of major assets
Other undistributed offsetting receipts

(\$ Billions)

	2004	2005	2006	2007	2008	2009
Budget Authority	-58.5	-63.9	-71.9	-75.2	-77.2	-77.4
Outlays	-58.5	-63.9	-71.9	-75.2	-77.2	-77.4

Mandatory

The Committee-reported resolution assumes the President's proposal to extend the authority of the Federal Communications Commission to auction spectrum, which would otherwise expire at the end of 2007.

B. REVENUES

FY2005 BUDGET RESOLUTION

Federal revenues are taxes and other collections from the public that result from the government's sovereign or governmental powers. Federal revenues include individual income taxes, corporate income taxes, social insurance taxes, excise taxes, estate and gift taxes, customs duties and miscellaneous receipts (which include deposits of earnings by the Federal Reserve System, fines, penalties, fees for regulatory services, and others).

Under current law, federal tax collections are projected to total \$11.8 trillion over the next five years. For 2004, total revenues are projected to be 15.8 percent of GDP, far below the post-World War II average of 17.9 percent. Over the projection period, 2005-2009, total baseline revenues are projected to average 17.8 percent of GDP (back to the long-term historical average).

(\$ Billions)

	2004	2005	2006	2007	2008	2009
Revenues	1817.4	2025.2	2215.5	2358.5	2480.2	2613.3

The Committee-reported resolution assumes total revenues of \$11.7 trillion over the next five years, \$0.1 trillion less than baseline, climbing from 15.8 percent of GDP this year to 18 percent of GDP by 2009.

The Committee-reported resolution assumes that the accelerated tax relief provisions in the 2003 Jobs and Growth Tax Relief Reconciliation Act (JGTRRA) that expire at the end of 2004 (\$1,000 child credit, marriage penalty relief and 10 percent income tax bracket expansion) are permanently extended. The resolution assumes that the repeal of the death tax is accelerated by one year to 2009. The resolution reconciles the Finance Committee for a reduction in revenues consistent with these changes through 2009 (the scope of the budget resolution). The Finance Committee is instructed to report legislation to reduce revenues by \$80.6 billion over the 2005-2009 period.

The Committee-reported resolution assumes, but does not reconcile, another \$22.7 billion in tax relief over five years; this reflects making permanent: the JGTRRA dividends and capital gains tax rate structures, the 2001 Economic Growth and Tax Relief Reconciliation Act marginal rate reductions, estate tax repeal, education incentives, modifications of pension plans, and other incentives for families and children (adoption tax credit, employer-provided child care tax credit, and dependent care tax credit).

The Committee-reported resolution assumes \$23.1 billion in tax relief for the President's proposal for a one-year extension of the alternative minimum tax exemption amount and the treatment of personal credits under the AMT. The resolution assumes \$15 billion in tax relief related to energy policy legislation. The resolution also assumes the revenue impact of medical malpractice reform.

The Committee-reported resolution assumes that Congress will act to close tax loopholes identified by the President and by the tax-writing committees. For example, the Committee-reported resolution assumes revenue from the President's proposal to increase disclosure of tax shelters and increase penalties for failure to disclose those shelter arrangements, from the President's proposal to shut down abusive leasing transactions between U.S. corporations and tax-exempt entities (so-called "SILO" transactions), and from the Finance Committee's proposal to shut down Enron-related tax shelters. The Committee-reported resolution assumes that the revenue raised by closing loopholes and reducing fraud (such as in the Earned Income Credit, see function 600) is available to offset tax relief provisions that have been recommended by the President and supported by the Committee, such as the proposal to allow individuals to deduct the cost of high deductible health plans, as well as many proposals that are being considered by Congress.

During markup of the 2005 Budget Resolution, the Committee adopted a Stabenow amendment that increased revenues by \$300 million over the 2005-2009 period.

C. DEBT LEVELS

FY2005 BUDGET RESOLUTION

Gross federal debt (and the associated debt subject to limit) is comprised of debt issued to government accounts as well as debt held by the public. Debt held by the public is issued by the government to raise cash, and is the most meaningful measure of debt in terms of its relationship to the economy. Debt held by government accounts reflects one part of the government borrowing from another part, and involves no cash transactions with the public. It is used to track money flows relating to specific trust fund programs, such as, Social Security.

Debt held by the public reached 109 percent of GDP during the heavy borrowing time of World War II, and it took nearly another two decades before debt held by the public fell to its post-war average of 41.5 percent of GDP.

(\$ Billions)

	2004	2005	2006	2007	2008	2009
Debt Held by the Public	4385.3	4736.4	5001.8	5237.8	5468.3	5683.1
Debt Subject to Limit	7435.7	8048.0	8616.9	9169.2	9731.7	10295.2

Under the Committee-reported resolution, debt held by the public rises to \$5,683.1 billion in 2009, or 39 percent of GDP, below the post-war average. Debt subject to limit, a broader measure of debt (which includes debt held by government accounts), is projected to be \$7,435.7 billion at the end of 2004. The current statutory debt limit is \$7,384 billion; the statutory limit may therefore have to be increased sometime before the end of this fiscal year. The Committee-reported resolution includes reconciliation instructions to the Finance Committee to report legislation to increase the statutory debt limit by \$664.028 billion, an amount projected to be sufficient to carry the federal government through 2005.

D. TAX EXPENDITURES

The Congressional Budget Act of 1974 requires a listing of tax expenditures in the President's budget submission and in reports accompanying congressional budget resolutions. Tax expenditures are defined by the Act as "revenue losses attributable to provisions of the Federal tax law which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability." Under this definition, the concept of tax expenditures refers to revenue losses attributable exclusively to corporate and individual income taxes. The estimates presented here are those of the Joint Committee on Taxation and are based on the committee's most recent report of December 22, 2003 (Estimates of Federal Tax Expenditures for Fiscal Years 2004-2008) (JCS-8-03). Because of the interaction among provisions, the Joint Committee on Taxation warns that it is incorrect to assume that estimates of separate tax expenditures can be summed to calculate a total revenue effect of a repeal of a group of tax expenditures. The tax expenditures in the following list are listed separately, under the assumption that all other tax expenditures remain in the code. If two or more tax expenditures were estimated simultaneously, the total change in tax liability could be smaller or larger than the sum of the amounts shown for each item separately.

Table 1.—Tax Expenditure Estimates By Budget Function, Fiscal Years 2004–2008
[Billions of dollars]

Function	Corporations					Individuals					Total 2004–08
	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008	
National Defense											
Exclusion of benefits and allowances to Armed Forces personnel						2.7	2.8	2.8	2.9	2.9	14.2
Exclusion of military disability benefits						0.1	0.1	0.1	0.1	0.1	0.6
Deduction for overnight-travel expenses of National Guard and Reserve Members						0.1	0.1	0.1	0.1	0.1	0.4
International Affairs											
Exclusion of income earned abroad by U.S. citizens						3.4	3.6	3.8	4.0	4.2	19.0
Exclusion of certain allowances for Federal employees abroad						0.4	0.5	0.5	0.6	0.6	2.6
Exclusion of extraterritorial income	5.2	5.5	5.9	6.1	6.3						29.0
Deferral of active income of controlled foreign corporations	4.6	4.8	5.0	5.2	5.4						25.0
Inventory property sales source rule exception	5.4	5.7	6.0	6.3	6.6						30.0
Deferral of certain active financing income	1.9	2.1	2.3	1.7							8.0
General Science, Space, and Technology											
Tax credit for qualified research expenditures	3.9	2.4	1.2	0.7	0.3	(1)	(1)	(1)	(1)	(1)	8.6
Expensing of research and experimental expenditures	3.5	4.9	6.0	6.5	6.9	0.1	0.1	0.1	0.1	0.1	28.5
Energy											
Expensing of exploration and development costs:											
Oil and gas	0.5	0.3	0.4	0.5	0.5	(1)	(1)	(1)	(1)	(1)	2.0
Other fuels	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.2
Excess of percentage over cost depletion:											
Oil and gas	0.4	0.4	0.5	0.5	0.5	(1)	(1)	(1)	(1)	(1)	2.4
Other fuels	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.1

Tax credit for enhanced oil recovery costs	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	1.5
Tax credit for production of non-conventional fuels	0.5	0.5	0.5	0.6	0.2	0.1	0.1	0.1	0.1	0.1	2.8
Tax credit for alcohol fuel blenders ²	(1)	(1)	(1)	(1)	(1)	.....	.....	.....	.....	.....	(1)
Exclusion on interest on State and local government industrial development bonds for energy production facilities	(1)	(1)	(1)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.9
Exclusion of energy conservation subsidies provided by public utilities .....	.....	.....	.....	.....	.....	(1)	(1)	(1)	(1)	(1)	0.1
Tax credit for investments in solar and geothermal energy facilities	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.1
Tax credit for electricity production from wind, biomass, and poultry waste	0.2	0.2	0.2	0.2	0.2	(1)	(1)	(1)	(1)	(1)	1.1
Natural Resources and Environment											
Expensing of exploration and development costs, nonfuel minerals	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.3
Excess of percentage over cost depletion, nonfuel minerals	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.8
Expensing of multiperiod timber-growing costs	0.2	0.2	0.2	0.2	0.2	(1)	(1)	(1)	(1)	(1)	1.0
Exclusion of interest on State and local government sewage, water, and hazardous waste facilities bonds	0.2	0.2	0.2	0.2	0.2	0.5	0.5	0.5	0.5	0.5	3.4
Special rules for mining reclamation reserves ..	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.2
Special tax rate for nuclear decommissioning reserve fund	0.3	0.3	0.4	0.4	0.4	.....	.....	.....	.....	.....	1.8
Exclusion of contributions in aid of construction for water and sewer utilities	(1)	(1)	(1)	(1)	(1)	.....	.....	.....	.....	.....	0.1
Agriculture											
Expensing of soil and water conservation expenditures	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.2
Expensing of fertilizer and soil conditioner costs	(1)	(1)	(1)	(1)	(1)	0.1	0.1	0.1	0.1	0.1	0.3
Expensing of the costs of raising dairy and breeding cattle	(1)	(1)	(1)	(1)	(1)	0.1	(1)	(1)	(1)	(1)	0.2
Exclusion of cost-sharing payments	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.1

Table 1.—Tax Expenditure Estimates By Budget Function, Fiscal Years 2004–2008—Continued
[Billions of dollars]

Function	Corporations					Individuals					Total 2004–08
	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008	
Exclusion of cancellation of indebtedness income of farmers						0.1	0.1	0.1	0.1	0.1	0.4
Cash accounting for agriculture	(1)	(1)	(1)	(1)	(1)	0.3	0.3	0.3	0.3	0.3	1.9
Income averaging for farmers						(1)	(1)	(1)	(1)	(1)	0.1
Five-year carryback period for net operating losses attributable to farming	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.2
Commerce and Housing											
<i>Financial institutions:</i>											
Exemption of credit union income	1.2	1.3	1.3	1.4	1.5						6.7
<i>Insurance companies:</i>											
Exclusion of investment income on life insurance and annuity contracts	1.4	1.4	1.5	1.5	1.5	24.7	25.4	26.0	26.7	27.3	137.5
Small life insurance company taxable income adjustment	0.1	0.1	0.1	0.1	0.1						0.3
Special treatment of life insurance company reserves	1.7	1.8	1.9	2.0	2.0						9.4
Deduction of unpaid property loss reserves for property and casualty insurance companies	1.5	1.5	1.6	1.6	1.6						7.8
Special deduction for Blue Cross and Blue Shield companies	0.5	0.5	0.6	0.6	0.6						2.8
<i>Housing:</i>											
Deduction for mortgage interest on owner-occupied residences						61.4	69.9	75.6	80.2	85.5	372.7
Deduction for property taxes on owner-occupied residences						18.7	16.7	15.0	14.2	13.3	77.8
Exclusion of capital gains on sales of principal residences						17.9	18.0	18.3	18.5	18.7	91.4

Exclusion of interest on State and local government bonds for owner-occupied housing	0.3	0.3	0.3	0.3	0.3	0.8	0.9	0.9	0.9	0.9	6.0
Exclusion of interest on State and local government bonds for rental housing	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	1.3
Depreciation of rental housing in excess of alternative depreciation system	0.3	0.4	0.4	0.5	0.5	3.0	3.3	3.7	4.3	4.9	21.3
Tax credit for low-income housing	3.0	3.2	3.3	3.5	3.7	1.3	1.4	1.4	1.5	1.6	23.8
Tax credit for rehabilitation of historic structures	0.4	0.4	0.4	0.4	0.4	0.1	0.1	0.1	0.1	0.1	2.5
<i>Other business and commerce:</i>											
Reduced rates of tax on dividends and long-term capital gains						66.1	76.8	81.7	86.5	95.2	406.3
Exclusion of capital gains at death						35.9	37.7	40.0	42.8	46.2	202.6
Carryover basis of capital gains on gifts						4.3	4.6	4.9	5.2	5.5	24.5
Deferral of gain on non-dealer installment sales	0.6	0.6	0.6	0.7	0.7	0.4	0.5	0.5	0.5	0.5	5.6
Deferral of gain on like-kind exchanges	1.2	1.2	1.3	1.3	1.4	0.4	0.5	0.5	0.5	0.5	9.2
Deferral of gain on involuntary conversions resulting from Presidentially-declared disasters						(1)	(1)	(1)	(1)	(1)	0.1
Depreciation of buildings other than rental housing in excess of alternative depreciation system	1.8	1.4	0.9	1.2	1.6	1.9	1.3	0.1	0.2	0.3	10.7
Depreciation of equipment in excess of the alternative depreciation system	52.9	23.0	2.4	6.1	12.4	16.1	5.8	-1.6	-0.6	1.4	117.9
Expensing of depreciable business property											0.0
Amortization of business startup costs	(1)	(1)	(1)	(1)	(1)	0.6	0.6	0.6	0.6	0.7	3.1
Reduced rates on first \$10,000,000 of corporate taxable income	3.3	4.1	5.1	5.6	5.8						23.9
Permanent exemption from imputed interest rules	(1)	(1)	(1)	(1)	(1)	0.3	0.3	0.3	0.3	0.3	1.6
Expensing of magazine circulation expenditures	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.1
Special rules for magazine, paperback book, and record returns	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.2

Table 1.—Tax Expenditure Estimates By Budget Function, Fiscal Years 2004–2008—Continued
[Billions of dollars]

Function	Corporations					Individuals					Total 2004–08
	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008	
Completed contract rules	0.2	0.2	0.2	0.2	0.2	(1)	(1)	(1)	(1)	(1)	1.2
Cash accounting, other than agriculture	(1)	(1)	(1)	(1)	(1)	0.7	0.7	0.8	0.8	0.8	3.8
Exclusion of interest on State and local government small-issue industrial development bonds	0.1	0.1	0.1	0.1	0.1	0.3	0.3	0.3	0.3	0.3	2.2
Exception from net operating loss limitations for corporations in bankruptcy proceedings	0.7	0.6	0.6	0.6	0.6	.....	.....	.....	.....	.....	3.1
Tax credit for employer-paid FICA taxes on tips	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.4	0.4	0.4	2.7
Transportation											
Deduction for clean fuel vehicles and refueling property	(1)	(1)	(1)	(3)	(3)	0.2	0.2	0.1	0.1	.....	0.5
Deferral of tax on capital construction funds of shipping companies	0.1	0.1	0.1	0.1	0.1	.....	.....	.....	.....	.....	0.4
Exclusion of employer-paid transportation benefits .....	.....	.....	.....	.....	.....	3.8	3.8	3.8	3.9	3.9	19.2
Community and Regional Development											
New York City Liberty Zone tax incentives	0.1	0.3	0.4	0.1	–0.1	0.2	0.3	0.3	0.2	0.2	2.4
Empowerment zone tax incentives	0.3	0.3	0.4	0.4	0.4	0.3	0.4	0.4	0.4	0.5	3.7
Renewal community tax incentives	0.1	0.2	0.2	0.2	0.3	0.3	0.3	0.4	0.4	0.5	2.9
New markets tax credit	0.1	0.2	0.2	0.3	0.4	0.2	0.2	0.3	0.4	0.5	2.8
District of Columbia tax incentives	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.3
Wage credit for Indian reservation employment	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.1
Accelerated depreciation for Indian reservation investments	0.1	(1)	–0.1	–0.1	–0.1	0.1	(1)	–0.1	–0.1	–0.1	–0.3
Expensing of environmental remediation costs (“Brownfields”)	(1)	(3)	(3)	(3)	(3)	(1)	(3)	(3)	(3)	(3)	–0.1

Tax credit for rehabilitation of structures, other than historic structures	0.1	0.1	0.1	0.1	0.1	(1)	(1)	(1)	(1)	(1)	0.4
Exclusion of interest on State and local govern- ment bonds for private airports, docks, and mass-commuting facilities	0.2	0.2	0.2	0.2	0.3	0.6	0.6	0.6	0.6	0.6	4.4
Education, Training, Employment, and So- cial Services											
<i>Education and training:</i>											
Tax credits for tuition for post-secondary education						4.3	4.3	4.4	4.4	4.4	21.8
Deduction for interest on student loans						0.7	0.8	0.8	0.9	0.9	3.9
Deduction for higher education expenses						2.7	2.9	0.7			6.3
Exclusion of earnings of Coverdell education savings accounts						0.3	0.3	0.4	0.4	0.5	2.0
Exclusion of interest on educational savings bonds						(1)	(1)	(1)	(1)	(1)	0.1
Exclusion of earnings of qualified tuition programs						0.5	0.6	0.7	0.8	0.9	3.4
Exclusion of scholarship and fellowship in- come						1.5	1.5	1.6	1.6	1.7	7.9
Exclusion of employer-provided education as- sistance benefits						0.8	0.8	0.9	0.9	0.9	4.3
Parental personal exemption for students age 19 to 23						1.5	1.1	0.7	0.6	0.5	4.4
Exclusion of interest on State and local gov- ernment student loan bonds	0.1	0.1	0.1	0.1	0.1	0.3	0.3	0.3	0.3	0.3	2.0
Exclusion of interest on State and local gov- ernment bonds for private nonprofit and qualified public educational facilities	0.3	0.3	0.3	0.3	0.3	0.8	0.8	0.8	0.8	0.8	5.6
Tax credit for holders of qualified zone acad- emy bonds	0.1	0.1	0.1	0.1	0.1						0.4
Deduction for charitable contributions to educational institutions	1.1	1.1	1.1	1.2	1.2	5.2	5.3	5.5	5.6	5.8	33.1
Above the line deduction for teacher class- room expenses						0.1					0.1

Table 1.—Tax Expenditure Estimates By Budget Function, Fiscal Years 2004–2008—Continued
[Billions of dollars]

Function	Corporations					Individuals					Total 2004-08
	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008	
<i>Employment:</i>											
Exclusion of employee meals and lodging (other than military)						0.9	0.9	0.9	0.9	0.9	4.7
Exclusion of benefits provided under cafe- teria plans ⁴						16.9	18.4	19.5	20.7	22.2	97.6
Exclusion of housing allowances for min- isters						0.4	0.5	0.5	0.5	0.5	2.4
Exclusion of miscellaneous fringe benefits						5.8	5.9	6.0	6.2	6.4	30.3
Exclusion of employee awards						0.1	0.1	0.2	0.2	0.2	0.8
Exclusion of income earned by voluntary em- ployees' beneficiary associations						3.2	3.4	3.5	3.7	3.9	17.7
Special tax provisions for employee stock ownership plans (ESOPs)	0.8	0.9	0.9	0.9	0.9	0.3	0.3	0.3	0.3	0.3	5.9
Work opportunity tax credit	0.2	0.1	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.4
Welfare-to-work tax credit	0.1	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.1
Deferral of taxation on spread on acquisition of stock under incentive stock option plans and employee stock purchase plans ⁵						0.4	0.4	0.4	0.4	0.4	2.0
<i>Social services:</i>											
Tax credit for children under age 17 ⁶						44.1	35.7	31.7	31.1	30.4	173.0
Tax credit for child and dependent care ex- penses						3.1	2.6	2.2	2.1	1.9	11.9
Exclusion of employer-provided child care ⁷ ..						0.8	0.9	0.9	1.0	1.0	4.7
Tax credit for employer-provided dependent care	0.1	0.1	0.1	0.2	0.2	(1)	(1)	(1)	(1)	(1)	0.8
Exclusion of certain foster care payments						0.6	0.7	0.7	0.8	0.8	3.6
Adoption credit and employee adoption bene- fits exclusion						0.1	0.2	0.2	0.2	0.2	1.0

Deduction for charitable contributions, other than for education and health	1.8	1.9	1.9	2.0	2.1	27.9	28.8	29.6	30.5	31.4	158.0
Tax credit for disabled access expenditures ..	(1)	(1)	(1)	(1)	(1)	0.1	0.1	0.1	0.1	0.1	0.4
Health											
Exclusion of employer contributions for health care, health insurance premiums, and long-term care insurance premiums ⁸						96.0	109.4	121.5	132.2	143.6	602.7
Exclusion of medical care and CHAMPUS/TRICARE medical insurance for military dependents, retirees, and retiree dependents ...						1.7	1.8	1.8	1.8	1.9	9.0
Deduction for health insurance premiums and long-term care insurance premiums by the self-employed						3.3	3.6	4.0	4.3	4.6	19.8
Deduction for medical expenses and long-term care expenses						5.9	6.9	7.7	8.8	9.9	39.2
Exclusion of workers' compensation benefits (medical benefits)						3.7	3.9	4.0	4.2	4.4	20.3
Health savings accounts						0.3	0.4	0.5	0.5	0.6	2.4
Exclusion of interest on State and local government bonds for private nonprofit hospital facilities	0.5	0.5	0.5	0.5	0.5	1.2	1.2	1.2	1.3	1.3	8.6
Deduction for charitable contributions to health organizations	0.9	1.0	1.0	1.0	1.1	3.5	3.7	3.8	3.9	4.0	23.9
Tax credit for orphan drug research	0.2	0.2	0.2	0.2	0.3						1.1
Tax credit for purchase of health insurance by certain displaced persons	(1)	0.1	0.2	0.2	0.2	(1)	0.1	0.1	0.1	0.1	1.1
Medicare											
Exclusion of untaxed Medicare benefits:											
Hospital insurance (Part A)						16.8	19.3	21.4	23.1	25.1	105.7
Supplementary medical insurance (Part B) ..						11.0	12.6	14.1	15.6	17.3	70.6
Prescription drug insurance (Part D)								1.9	3.6	4.3	9.8
Exclusion of certain subsidies to employers who maintain prescription drug plans for Medicare			1.1	1.6	1.9						4.7

Table 1.—Tax Expenditure Estimates By Budget Function, Fiscal Years 2004–2008—Continued
[Billions of dollars]

Function	Corporations					Individuals					Total 2004–08
	2004	2005	2006	2007	2008	2004	2005	2006	2007	2008	
Income Security											
Exclusion of workers' compensation benefits (disability and survivors payments)						4.8	4.9	5.0	5.3	5.6	25.6
Exclusion of damages on account of personal physical injuries or physical sickness						1.4	1.4	1.4	1.5	1.5	7.2
Exclusion of special benefits for disabled coal miners						0.1	0.1	0.1	0.1	(1)	0.3
Exclusion of cash public assistance benefits						3.2	3.3	3.5	3.6	3.6	17.2
Net exclusion of pension contributions and earnings:											
Employer plans						94.6	99.3	104.2	109.4	114.8	522.1
Individual retirement plans						13.0	15.5	17.2	18.7	20.5	84.9
Keogh plans						6.2	6.5	6.8	7.2	7.6	34.3
Tax credit for certain individuals for elective deferrals and IRA contributions						2.5	2.3	2.1	0.6	.....	7.6
Tax credit for new retirement plan expenses of small businesses	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.1
Exclusion of other employee benefits:											
Premiums on group term life insurance						2.4	2.5	2.6	2.7	2.8	13.0
Premiums on accident and disability insurance						2.4	2.5	2.7	2.8	2.9	13.3
Additional standard deduction for the blind and the elderly						2.0	2.1	2.3	2.2	2.2	10.8
Tax credit for the elderly and disabled						(1)	(1)	(1)	(1)	(1)	0.1
Deduction for casualty and theft losses						0.2	0.2	0.2	0.2	0.2	1.0
Earned income credit (EIC) ⁶						34.1	35.4	36.1	36.6	37.4	179.7

Social Security and Railroad Retirement

Exclusion of untaxed social security and railroad retirement benefits						20.0	20.8	21.5	22.3	22.9	107.5
Veterans' Benefits and Services											
Exclusion of veterans' disability compensation						3.1	3.3	3.4	3.5	3.4	16.6
Exclusion of veterans' pensions						0.1	0.1	0.1	0.1	0.1	0.6
Exclusion of veterans' readjustment benefits ..						0.2	0.2	0.2	0.2	0.2	1.1
Exclusion of interest on State and local government bonds for veteran's housing	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	0.2
General Purpose Fiscal Assistance											
Exclusion of interest on public purpose State and local government debt	7.1	7.2	7.3	7.5	7.6	18.2	18.4	18.8	19.2	19.6	130.9
Deduction of nonbusiness State and local government income and personal property taxes						44.3	40.9	37.9	36.7	35.4	195.2
Tax credit for Puerto Rico and possession income, and Puerto Rico economic activity	1.4	1.2	0.3								2.9
Interest											
Deferral of interest on savings bonds						1.7	1.7	1.7	1.7	1.7	9.0

¹ Positive tax expenditure of less than \$50 million.

² In addition, the exemption from excise tax for alcohol fuels results in a reduction in excise tax receipts, net of income tax effect, of \$1.1 billion in each of the fiscal years 2004 through 2006, and \$1.2 billion per year in fiscal years 2007 and 2008.

³ Negative tax expenditure of less than \$50 million.

⁴ Estimate includes amounts of employer-provided health insurance purchased through cafeteria plans and employer-provided child care purchased through dependent care flexible spending accounts. These amounts are also included in other line items in this table.

⁵ Tax expenditure estimate does not include offsetting denial of corporate deduction for qualified stock option compensation.

⁶ Tax expenditure estimate includes refundable amounts, amounts used to offset income taxes, and amounts used to offset other taxes. The amount of refundable child tax credit and earned income tax credit used to offset taxes other than income tax or paid out as refunds is: \$44.3 billion in 2004, \$44.8 billion in 2005, \$42.6 billion in 2006, \$42.7 billion in 2007, and \$42.9 billion in 2008.

⁷ Estimate includes employer-provided child care purchased through dependent care flexible spending accounts.

⁸ Estimate includes employer-provided health insurance purchased through cafeteria plans.

Note.—Details may not add to totals due to rounding.

Source: Joint Committee on Taxation.

IV. SUMMARY TABLES

SUMMARY OF COMMITTEE REPORTED RESOLUTION FOR FY 2005: LEVELS OF SPENDING

(\$ BILLIONS)

		2004	2005	2006	2007	2008	2009	2005-09
Discretionary:								
Defense	BA	459.098	413.894	442.552	452.698	463.712	475.591	2248.447
	OT	451.844	441.658	437.278	437.733	447.772	459.166	2223.607
Nondefense	BA	416.389	400.212	409.705	415.161	418.846	424.201	2068.124
	OT	443.203	446.710	458.332	462.045	464.136	466.795	2298.018
Subtotal	BA	875.487	814.106	852.257	867.859	882.558	899.792	4316.571
	OT	895.047	888.368	895.610	899.778	911.908	925.961	4521.625
Mandatory	OT	1244.893	1295.095	1353.180	1428.337	1510.253	1597.302	7184.167
Net interest	OT	154.858	179.860	218.747	253.447	275.824	291.716	1219.595
Total outlays		2294.798	2363.323	2467.537	2581.562	2697.986	2814.979	12925.387
% change *			3.0%	4.4%	4.6%	4.5%	4.3%	4.5%
Revenues		1817.359	2025.152	2215.503	2358.454	2480.181	2613.254	11692.544
% change *			11.4%	9.4%	6.5%	5.2%	5.4%	6.6%
Unified deficit/surplus		-477.439	-338.171	-252.034	-223.108	-217.805	-201.725	-1232.843
On-budget		-638.235	-512.163	-445.011	-431.460	-441.755	-439.818	-2270.207
Off-budget		160.796	173.991	192.977	208.352	223.950	238.094	1037.364
Unified Deficit/Surplus % of GDP		-4.2%	-2.8%	-2.0%	-1.7%	-1.6%	-1.4%	
Debt Held by the Public		4,385	4,736	5,002	5,238	5,468	5,683	
Debt Subject to Limit		7,436	8,048	8,617	9,169	9,732	10,295	
2005 Iraq/Afghanistan Reserve	BA	0.000	30.000	0.000	0.000	0.000	0.000	30.000
	OT	0.000	14.904	11.169	3.048	0.585	0.135	29.841
Unified Surplus/Deficit (-) incl. Reserve		-477.439	-353.075	-263.203	-226.156	-218.390	-201.860	-1262.684

COMMITTEE REPORTED RESOLUTION FOR FY 2005: AGGREGATE AND FUNCTION LEVELS
(\$ billions)

Function		2004	2005	2006	2007	2008	2009	2005-09
050 - National Defense	BA	463.604	415.257	445.708	456.148	467.482	479.494	2264.089
	OT	452.946	444.033	440.563	441.290	451.419	463.058	2240.363
Discretionary	BA	459.098	413.894	442.552	452.698	463.712	475.591	2248.447
	OT	451.844	441.658	437.278	437.733	447.772	459.166	2223.607
Mandatory	BA	4.506	1.363	3.156	3.450	3.770	3.903	15.642
	OT	1.102	2.375	3.285	3.557	3.647	3.892	16.756
150 - International Affairs	BA	43.657	30.140	34.658	35.301	35.658	35.714	171.471
	OT	29.317	33.779	32.471	31.287	31.303	31.805	160.645
Discretionary	BA	48.653	30.497	33.902	34.530	34.872	34.914	168.715
	OT	34.122	36.775	34.914	33.857	33.788	34.275	173.609
Mandatory	BA	-4.996	-0.357	0.756	0.771	0.786	0.800	2.756
	OT	-4.805	-2.996	-2.443	-2.570	-2.485	-2.470	-12.964
250 - General Science, Space and Technology	BA	23.377	23.678	25.412	26.269	26.499	26.547	128.405
	OT	22.310	23.152	24.863	25.613	25.914	26.095	125.638
Discretionary	BA	23.338	23.648	25.382	26.238	26.468	26.515	128.251
	OT	22.221	23.041	24.755	25.573	25.883	26.064	125.317
Mandatory	BA	0.039	0.030	0.030	0.031	0.031	0.032	0.154
	OT	0.089	0.111	0.108	0.040	0.031	0.031	0.321
270 - Energy	BA	2.353	2.793	2.762	2.781	2.501	2.082	12.919
	OT	0.084	1.154	1.653	1.214	0.601	0.718	5.340
Discretionary	BA	3.597	3.707	3.736	3.698	3.640	3.607	18.388
	OT	3.345	3.797	3.905	3.761	3.694	3.627	18.784
Mandatory	BA	-1.244	-0.914	-0.974	-0.917	-1.139	-1.525	-5.469
	OT	-3.261	-2.643	-2.252	-2.547	-3.093	-2.909	-13.444
300 - Natural Resources and Environment	BA	32.340	32.817	32.909	32.895	32.825	33.523	164.968
	OT	30.462	30.957	32.995	33.115	32.926	33.486	163.478
Discretionary	BA	30.276	29.999	29.760	29.581	29.519	29.489	148.347
	OT	29.624	29.157	29.824	29.632	29.494	29.394	147.500
Mandatory	BA	2.064	2.818	3.149	3.314	3.306	4.034	16.621
	OT	0.838	1.800	3.171	3.483	3.432	4.092	15.978
350 - Agriculture	BA	20.221	21.746	23.806	24.698	24.604	25.563	120.417
	OT	18.772	20.976	22.574	23.509	23.483	24.623	115.165
Discretionary	BA	5.595	5.371	5.603	5.629	5.667	5.699	27.969
	OT	5.460	5.558	5.495	5.522	5.554	5.640	27.769
Mandatory	BA	14.626	16.375	18.203	19.069	18.937	19.864	92.448
	OT	13.312	15.418	17.079	17.987	17.929	18.983	87.396
370 - Commerce and Housing Credit	BA	14.673	5.643	5.241	6.241	6.036	6.326	29.487
	OT	10.340	0.767	-0.247	0.499	-0.750	-0.734	-0.465
Discretionary	BA	-0.773	-1.931	-1.077	0.549	0.772	1.387	-0.300
	OT	-0.676	-0.583	-1.846	0.550	0.663	1.079	-0.137
Mandatory	BA	15.446	7.574	6.318	5.692	5.264	4.939	29.787
	OT	11.016	1.350	1.599	-0.051	-1.413	-1.813	-0.328
370 on-budget	BA	17.173	7.743	8.041	9.141	9.336	9.826	44.087
	OT	12.840	2.867	2.553	3.399	2.550	2.766	14.135
Discretionary	BA	-0.773	-1.931	-1.077	0.549	0.772	1.387	-0.300
	OT	-0.676	-0.583	-1.846	0.550	0.663	1.079	-0.137
Mandatory	BA	17.946	9.674	9.118	8.592	8.564	8.439	44.387
	OT	13.516	3.450	4.399	2.849	1.887	1.687	14.272
400 - Transportation	BA	69.197	69.985	70.923	71.428	71.760	72.241	356.337
	OT	65.741	68.390	70.998	72.207	72.571	72.597	356.763
Discretionary	BA	23.713	23.826	24.740	25.178	25.476	25.919	125.139
	OT	63.888	66.208	68.745	70.031	70.287	70.527	345.798
Mandatory	BA	45.484	46.159	46.183	46.250	46.284	46.322	231.198
	OT	1.853	2.182	2.253	2.176	2.284	2.070	10.965
450 - Community and Regional Development	BA	16.732	13.637	13.422	13.591	13.719	13.890	68.259
	OT	16.673	14.968	14.994	14.061	13.558	13.653	71.234
Discretionary	BA	15.622	13.210	13.289	13.456	13.665	13.834	67.454
	OT	16.183	15.219	15.377	14.465	13.947	14.088	73.096
Mandatory	BA	1.110	0.427	0.133	0.135	0.054	0.056	0.805
	OT	0.490	-0.251	-0.383	-0.404	-0.389	-0.435	-1.862
500 - Education, Training, Employment	BA	89.519	97.620	95.254	95.568	95.798	96.108	480.347
	OT	86.478	88.259	92.867	93.657	94.197	94.624	463.605
Discretionary	BA	78.008	81.101	81.765	81.838	81.980	82.072	408.755
	OT	77.048	77.243	80.834	81.424	81.782	81.929	403.213
Mandatory	BA	11.511	16.519	13.489	13.730	13.818	14.036	71.592
	OT	9.430	11.016	12.033	12.233	12.415	12.695	60.392

Function		2004	2005	2006	2007	2008	2009	2005-09
550 - Health	BA	241.824	250.617	254.677	267.998	286.815	307.860	1367.967
	OT	239.620	246.061	255.590	267.752	286.525	305.533	1361.461
Discretionary	BA	51.847	53.400	50.534	50.833	51.283	53.774	259.824
	OT	49.216	48.699	50.794	50.659	50.922	51.192	252.266
Mandatory	BA	189.977	197.217	204.143	217.165	235.532	254.086	1108.143
	OT	190.404	197.362	204.796	217.093	235.603	254.341	1109.195
570 - Medicare	BA	269.580	287.513	322.517	361.999	386.753	412.922	1771.704
	OT	268.771	288.654	322.035	362.277	386.795	412.515	1772.276
Discretionary	BA	3.849	3.690	4.245	4.185	4.211	4.231	20.562
	OT	3.826	3.746	4.138	4.174	4.212	4.231	20.501
Mandatory	BA	265.731	283.823	318.272	357.814	382.542	408.691	1751.142
	OT	264.945	284.908	317.897	358.103	382.583	408.284	1751.775
600 - Income Security	BA	329.194	337.712	343.192	348.102	361.495	371.422	1761.923
	OT	335.998	341.976	346.622	350.750	363.499	372.943	1775.790
Discretionary	BA	44.594	46.381	49.047	49.733	50.551	51.415	247.127
	OT	53.008	51.353	53.033	53.246	53.721	54.019	265.372
Mandatory	BA	284.600	291.331	294.145	298.369	310.944	320.007	1514.796
	OT	282.990	290.623	293.589	297.504	309.778	318.924	1510.418
650 - Social Security	BA	498.229	518.927	539.968	565.261	593.413	625.303	2842.872
	OT	496.549	517.162	537.781	562.891	590.760	622.359	2830.953
Discretionary	BA	4.134	4.249	4.352	4.477	4.617	4.762	22.457
	OT	4.154	4.264	4.335	4.457	4.594	4.738	22.388
Mandatory	BA	494.095	514.678	535.616	560.784	588.796	620.541	2820.415
	OT	492.395	512.898	533.446	558.434	586.166	617.621	2808.565
650 on-budget	BA	13.396	15.214	16.779	18.269	20.218	22.229	92.709
	OT	13.396	15.214	16.779	18.269	20.218	22.229	92.709
Discretionary	BA	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	OT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Mandatory	BA	13.396	15.214	16.779	18.269	20.218	22.229	92.709
	OT	13.396	15.214	16.779	18.269	20.218	22.229	92.709
700 - Veterans Benefits and Services	BA	61.450	70.346	68.196	66.209	69.326	69.888	343.966
	OT	60.113	69.079	67.623	65.829	69.131	69.660	341.322
Discretionary	BA	29.252	30.529	30.573	30.625	30.681	30.740	153.149
	OT	28.049	29.594	30.055	30.299	30.546	30.553	151.047
Mandatory	BA	32.198	39.817	37.623	35.584	38.645	39.148	190.817
	OT	32.064	39.485	37.568	35.530	38.585	39.107	190.275
750 - Administration of Justice	BA	41.191	41.241	39.490	40.099	40.870	41.206	202.906
	OT	39.612	40.595	40.156	40.342	40.783	41.150	203.026
Discretionary	BA	37.071	36.909	38.272	39.025	39.856	40.258	194.320
	OT	35.537	36.891	38.554	39.041	39.829	40.256	194.571
Mandatory	BA	4.120	4.332	1.218	1.074	1.014	0.948	8.586
	OT	4.075	3.704	1.602	1.301	0.954	0.894	8.455
800 - General Government	BA	23.938	17.382	17.503	17.611	17.190	17.256	86.942
	OT	24.651	17.474	17.290	17.365	16.968	16.841	85.938
Discretionary	BA	17.613	15.626	15.582	15.585	15.589	15.585	77.967
	OT	18.198	15.748	15.420	15.353	15.220	15.182	76.923
Mandatory	BA	6.325	1.756	1.921	2.026	1.601	1.671	8.975
	OT	6.453	1.726	1.870	2.012	1.748	1.659	9.015
900 - Net Interest	BA	154.858	179.860	218.747	253.447	275.824	291.716	1219.595
	OT	154.858	179.860	218.747	253.447	275.824	291.716	1219.595
Discretionary	BA	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	OT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Mandatory	BA	154.858	179.860	218.747	253.447	275.824	291.716	1219.595
	OT	154.858	179.860	218.747	253.447	275.824	291.716	1219.595
900 on-budget	BA	240.471	270.018	316.934	361.381	394.546	422.181	1765.059
	OT	240.471	270.018	316.934	361.381	394.546	422.181	1765.059
Discretionary	BA	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	OT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Mandatory	BA	240.471	270.018	316.934	361.381	394.546	422.181	1765.059
	OT	240.471	270.018	316.934	361.381	394.546	422.181	1765.059
920 - Allowances	BA	0.000	-0.100	-0.100	-0.300	-0.300	-0.300	-1.100
	OT	0.000	-0.100	-0.100	-0.300	-0.300	-0.300	-1.100
Discretionary	BA	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	OT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Mandatory	BA	0.000	-0.100	-0.100	-0.300	-0.300	-0.300	-1.100
	OT	0.000	-0.100	-0.100	-0.300	-0.300	-0.300	-1.100

Function		2004	2005	2006	2007	2008	2009	2005-09
950 - Undistributed Offsetting Receipts	BA	-58.497	-63.873	-71.938	-75.244	-77.222	-77.364	-365.641
	OT	-58.497	-63.873	-71.938	-75.244	-77.222	-77.364	-365.641
Discretionary	BA	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	OT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Mandatory	BA	-58.497	-63.873	-71.938	-75.244	-77.222	-77.364	-365.641
	OT	-58.497	-63.873	-71.938	-75.244	-77.222	-77.364	-365.641
950 on-budget	BA	-47.233	-52.505	-59.848	-62.437	-63.482	-62.725	-300.997
	OT	-47.233	-52.505	-59.848	-62.437	-63.482	-62.725	-300.997
Discretionary	BA	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	OT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Mandatory	BA	-47.233	-52.505	-59.848	-62.437	-63.482	-62.725	-300.997
	OT	-47.233	-52.505	-59.848	-62.437	-63.482	-62.725	-300.997
Total	BA	2337.440	2352.941	2482.347	2610.103	2731.046	2851.397	13027.833
	OT	2294.798	2363.323	2467.537	2581.562	2697.986	2814.979	12925.387
Discretionary	BA	875.487	814.106	852.257	867.859	882.558	899.792	4316.571
	OT	895.047	888.368	895.610	899.778	911.908	925.961	4521.625
Mandatory	BA	1461.953	1538.835	1630.090	1742.244	1848.487	1951.605	8711.262
	OT	1399.751	1474.955	1571.927	1681.784	1786.077	1889.018	8403.762
Total on-budget	BA	1951.984	1952.853	2072.235	2186.751	2293.612	2396.927	10902.379
	OT	1911.022	1965.001	2059.612	2160.581	2263.205	2363.452	10811.851
Discretionary	BA	871.353	809.857	847.905	863.382	877.941	895.030	4294.114
	OT	890.893	884.104	891.275	895.321	907.314	921.223	4499.237
Mandatory	BA	1080.631	1142.997	1224.330	1323.370	1415.671	1501.897	6608.264
	OT	1020.129	1080.897	1168.337	1265.260	1355.891	1442.230	6312.614
Revenues		1817.359	2025.152	2215.503	2358.454	2480.181	2613.254	11692.544
Revenues on-budget		1272.787	1452.838	1614.601	1729.121	1821.450	1923.634	8541.644
Surplus/Deficit (-)		-477.439	-338.171	-252.034	-223.108	-217.805	-201.725	-1232.843
<i>On-budget</i>		-638.235	-512.163	-445.011	-431.460	-441.755	-439.818	-2270.207
<i>Off-budget</i>		160.796	173.991	192.977	208.352	223.950	238.094	1037.364
2005 Iraq/Afghanistan Reserve	BA		30.000					30.000
	OT		14.904	11.169	3.048	0.585	0.135	29.841
Unified Surplus/Deficit (-) incl. Reserve		-477.439	-353.075	-263.203	-226.156	-218.390	-201.860	-1262.684

CBO REESTIMATE OF PRESIDENT'S 2005 BUDGET

(\$ billions)

Function		2004	2005	2006	2007	2008	2009	2005-09
050	BA	463.604	422.157	445.708	466.709	487.999	510.429	2333.00
	OT	452.946	449.442	442.157	448.787	467.709	489.186	2297.28
Discr.	BA	459.098	420.794	442.552	463.259	484.229	506.526	2317.36
	OT	451.844	447.067	438.872	445.230	464.062	485.294	2280.53
Mand.	BA	4.506	1.363	3.156	3.450	3.770	3.903	15.64
	OT	1.102	2.375	3.285	3.557	3.647	3.892	16.76
150	BA	43.657	31.240	34.755	35.399	35.756	35.812	172.96
	OT	29.317	33.902	32.927	31.589	31.513	31.947	161.88
Discr.	BA	48.653	31.597	33.999	34.628	34.970	35.012	170.21
	OT	34.122	36.898	35.370	34.159	33.998	34.417	174.84
Mand.	BA	-4.996	-0.357	0.756	0.771	0.786	0.800	2.76
	OT	-4.805	-2.996	-2.443	-2.570	-2.485	-2.470	-12.96
250	BA	23.377	24.464	24.993	25.852	26.119	26.173	127.60
	OT	22.310	23.717	24.615	25.255	25.523	25.713	124.82
Discr.	BA	23.338	24.434	24.963	25.821	26.088	26.141	127.45
	OT	22.221	23.606	24.507	25.215	25.492	25.682	124.50
Mand.	BA	0.039	0.030	0.030	0.031	0.031	0.032	0.15
	OT	0.089	0.111	0.108	0.040	0.031	0.031	0.32
270	BA	2.353	3.273	3.074	3.012	2.911	2.583	14.85
	OT	0.084	1.460	2.018	1.509	0.993	1.187	7.17
Discr.	BA	3.597	3.519	3.482	3.408	3.322	3.304	17.04
	OT	3.345	3.395	3.724	3.515	3.378	3.312	17.32
Mand.	BA	-1.244	-0.246	-0.408	-0.396	-0.411	-0.721	-2.18
	OT	-3.261	-1.935	-1.706	-2.006	-2.385	-2.125	-10.16
300	BA	32.340	31.039	30.819	31.069	31.328	31.900	156.16
	OT	30.462	31.054	31.925	31.865	31.628	32.094	158.57
Discr.	BA	30.276	28.403	27.889	27.934	28.123	28.171	140.52
	OT	29.624	29.351	29.012	28.618	28.350	28.178	143.51
Mand.	BA	2.064	2.636	2.930	3.135	3.205	3.729	15.64
	OT	0.838	1.703	2.913	3.247	3.278	3.916	15.06
350	BA	20.221	21.960	24.123	25.042	24.918	25.898	121.94
	OT	18.772	21.157	22.819	23.838	23.794	24.953	116.56
Discr.	BA	5.595	5.484	5.636	5.668	5.721	5.763	28.27
	OT	5.460	5.638	5.456	5.546	5.605	5.699	27.94
Mand.	BA	14.626	16.476	18.487	19.374	19.197	20.135	93.67
	OT	13.312	15.519	17.363	18.292	18.189	19.254	88.62
370	BA	14.673	6.422	6.263	6.773	6.624	7.003	33.09
	OT	10.340	1.524	0.670	1.018	0.849	0.600	4.66
Discr.	BA	-0.773	-1.152	-0.055	1.081	1.360	2.064	3.30
	OT	-0.676	0.174	-0.929	1.069	1.212	1.713	3.24
Mand.	BA	15.446	7.574	6.318	5.692	5.264	4.939	29.79
	OT	11.016	1.350	1.599	-0.051	-0.363	-1.113	1.42
400	BA	68.928	70.096	70.638	71.044	71.434	71.958	355.17
	OT	65.741	68.897	71.115	72.107	72.489	72.538	357.15
Discr.	BA	23.713	23.937	24.455	24.794	25.150	25.636	123.97
	OT	63.888	66.715	68.862	69.931	70.205	70.468	346.18
Mand.	BA	45.215	46.159	46.183	46.250	46.284	46.322	231.20

	OT	1.853	2.182	2.253	2.176	2.284	2.070	10.97
450	BA	16.732	14.425	14.237	14.426	14.589	14.785	72.46
	OT	16.673	16.663	15.437	14.882	14.555	14.724	76.26
Discr.	BA	15.622	14.023	14.104	14.291	14.535	14.729	71.68
	OT	16.183	16.846	15.641	15.072	14.714	14.912	77.19
Mand.	BA	1.110	0.402	0.133	0.135	0.054	0.056	0.78
	OT	0.490	-0.183	-0.204	-0.190	-0.159	-0.188	-0.92
500	BA	89.394	92.157	91.019	91.469	92.109	92.537	459.29
	OT	86.333	89.159	90.531	89.948	90.334	90.894	450.87
Discr.	BA	78.008	80.162	78.232	78.345	78.776	78.915	394.43
	OT	77.048	79.011	79.331	78.328	78.413	78.685	393.77
Mand.	BA	11.386	11.995	12.787	13.124	13.333	13.622	64.86
	OT	9.285	10.148	11.200	11.620	11.921	12.209	57.10
550	BA	241.873	252.511	262.810	277.744	296.834	318.223	1408.12
	OT	239.650	250.369	263.857	277.525	296.517	315.875	1404.14
Discr.	BA	51.847	53.164	50.159	50.450	50.933	53.424	258.13
	OT	49.216	50.880	50.563	50.314	50.557	50.827	253.14
Mand.	BA	190.026	199.347	212.651	227.294	245.901	264.799	1149.99
	OT	190.434	199.489	213.294	227.211	245.960	265.048	1151.00
570	BA	269.580	287.933	323.369	363.091	388.188	414.628	1777.21
	OT	268.771	289.036	322.829	363.365	388.226	414.220	1777.68
Discr.	BA	3.849	3.905	4.554	4.511	4.550	4.571	22.09
	OT	3.826	3.923	4.389	4.496	4.547	4.570	21.93
Mand.	BA	265.731	284.028	318.815	358.580	383.638	410.057	1755.12
	OT	264.945	285.113	318.440	358.869	383.679	409.650	1755.75
600	BA	329.740	337.359	341.573	345.812	358.653	367.866	1751.26
	OT	336.071	344.723	345.599	349.073	361.122	369.799	1770.32
Discr.	BA	44.594	45.150	46.196	46.253	46.487	46.555	230.64
	OT	53.008	53.238	50.647	50.123	49.967	49.551	253.53
Mand.	BA	285.146	292.209	295.377	299.559	312.166	321.311	1520.62
	OT	283.063	291.485	294.952	298.950	311.155	320.248	1516.79
650	BA	498.229	519.199	540.022	565.196	593.231	624.983	2842.63
	OT	496.549	517.402	537.846	562.851	590.598	622.061	2830.76
Discr.	BA	4.134	4.521	4.406	4.412	4.435	4.442	22.22
	OT	4.154	4.504	4.400	4.417	4.432	4.440	22.19
Mand.	BA	494.095	514.678	535.616	560.784	588.796	620.541	2820.42
	OT	492.395	512.898	533.446	558.434	586.166	617.621	2808.57
700	BA	61.450	69.590	66.484	64.350	67.436	67.843	335.70
	OT	60.113	68.391	66.018	63.969	67.188	67.563	333.13
Discr.	BA	29.252	29.773	28.861	28.766	28.791	28.695	144.89
	OT	28.049	28.906	28.450	28.439	28.603	28.456	142.85
Mand.	BA	32.198	39.817	37.623	35.584	38.645	39.148	190.82
	OT	32.064	39.485	37.568	35.530	38.585	39.107	190.28
750	BA	41.191	42.263	40.185	40.795	41.624	41.974	206.84
	OT	39.612	42.351	40.798	41.002	41.499	41.895	207.55
Discr.	BA	37.071	37.931	38.967	39.721	40.610	41.026	198.26
	OT	35.537	38.647	39.196	39.701	40.545	41.001	199.09
Mand.	BA	4.120	4.332	1.218	1.074	1.014	0.948	8.59
	OT	4.075	3.704	1.602	1.301	0.954	0.894	8.46
800	BA	24.021	19.053	18.705	20.396	18.461	18.966	95.58
	OT	24.734	18.907	18.552	20.199	18.323	18.645	94.63
Discr.	BA	17.613	17.216	16.759	16.763	16.852	16.888	84.48
	OT	18.198	17.100	16.657	16.580	16.567	16.579	83.48

Mand.	BA	6.408	1.837	1.946	3.633	1.609	2.078	11.10
	OT	6.536	1.807	1.895	3.619	1.756	2.066	11.14
900	BA	154.867	180.084	219.964	255.568	279.283	297.594	1232.49
	OT	154.867	180.084	219.964	255.568	279.283	297.594	1232.49
Discr.	BA	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	OT	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Mand.	BA	154.867	180.084	219.964	255.568	279.283	297.594	1232.49
	OT	154.867	180.084	219.964	255.568	279.283	297.594	1232.49
920	BA	0.000	-0.147	-0.302	-0.287	-0.301	-0.316	-1.35
	OT	0.000	-0.147	-0.302	-0.287	-0.301	-0.316	-1.35
Discr.	BA	0.000	-0.147	-0.302	-0.287	-0.301	-0.316	-1.35
	OT	0.000	-0.147	-0.302	-0.287	-0.301	-0.316	-1.35
Mand.	BA	0.000	0.000	0.000	0.000	0.000	0.000	0.00
	OT	0.000	0.000	0.000	0.000	0.000	0.000	0.00
950	BA	-58.497	-63.694	-66.990	-80.137	-79.257	-79.187	-369.27
	OT	-58.497	-63.694	-66.990	-81.262	-79.944	-78.249	-370.14
Discr.	BA	0.000	-0.006	-0.010	-0.010	-0.009	-0.008	-0.04
	OT	0.000	-0.006	-0.010	-0.010	-0.009	-0.008	-0.04
Mand.	BA	-58.497	-63.688	-66.980	-80.127	-79.248	-79.179	-369.22
	OT	-58.497	-63.688	-66.980	-81.252	-79.935	-78.241	-370.10
Total	BA	2337.733	2361.384	2491.449	2623.323	2757.939	2891.652	13125.75
	OT	2294.848	2384.397	2482.385	2592.801	2721.898	2852.923	13034.40
Discr.	BA	875.487	822.708	844.847	869.808	894.622	921.538	4353.523
	OT	895.047	905.746	893.836	900.456	920.337	943.460	4563.835
Mand.	BA	1462.246	1538.676	1646.602	1753.515	1863.317	1970.114	8772.224
	OT	1399.801	1478.651	1588.549	1692.345	1801.561	1909.463	8470.569
Revenues		1816.355	2026.693	2211.126	2350.988	2469.701	2595.023	11653.531
Surplus/Deficit		-478.493	-357.704	-271.259	-241.813	-252.197	-257.900	-1380.873
On-budget		-639.289	-531.452	-464.149	-450.151	-476.232	-496.213	-2418.197
Off-budget		160.796	173.748	192.890	208.338	224.035	238.313	1037.324

**SENATE COMMITTEE BUDGET AUTHORITY AND OUTLAY ALLOCATIONS PURSUANT
TO SECTION 302 OF THE CONGRESSIONAL BUDGET ACT
BUDGET YEAR TOTAL 2005
(in millions of dollars)**

Committee	<u>Direct spending jurisdiction</u>		<u>Entitlements funded in annual appropriations acts</u>	
	Budget Authority	Outlays	Budget authority	Outlays
Appropriations				
General Purpose Discretionary	812,675	818,088	0	0
<i>Memo:</i>				
<i>on-budget</i>	808,426	813,824		
<i>off-budget</i>	4,249	4,264		
Highways	0	31,469	0	0
Mass Transit	1,431	6,403	0	0
Mandatory	460,008	445,525	0	0
Total	1,274,114	1,301,485	0	0
Agriculture, Nutrition, and Forestry	4,124	17,200	58,312	44,305
Armed Services	85,814	86,738	41	61
Banking, Housing and Urban Affairs	13,168	2,552	175	107
Commerce, Science, and Transportation	11,535	6,618	864	860
Energy and Natural Resources	4,057	3,057	54	59
Environment and Public Works	35,518	2,275	0	0
Finance	805,619	807,256	339,533	339,450
Foreign Relations	11,352	11,619	176	176
Governmental Affairs	70,452	68,763	18,048	18,048
Judiciary	9,049	8,482	574	575
Health, Education, Labor, and Pensions	11,023	10,187	2,966	2,928
Rules and Administration	77	35	113	112
Intelligence	0	0	239	239
Veterans' Affairs	1,239	1,258	38,913	38,605
Indian Affairs	674	668	0	0
Small Business	0	0	0	0
Unassigned to Committee	-385,673	-392,557	0	0
TOTAL	1,952,142	1,935,636	460,008	445,525

**SENATE COMMITTEE BUDGET AUTHORITY AND OUTLAY ALLOCATIONS PURSUANT
TO SECTION 302 OF THE CONGRESSIONAL BUDGET ACT
5-YEAR TOTAL: 2005-2009
(in millions of dollars)**

Committee	<u>Direct spending jurisdiction</u>		<u>Entitlements funded in annual appropriations acts</u>	
	Budget Authority	Outlays	Budget authority	Outlays
Agriculture, Nutrition, and Forestry	29,048	101,511	297,690	224,223
Armed Services	470,311	470,946	201	278
Banking, Housing and Urban Affairs	67,053	11,551	875	476
Commerce, Science, and Transportation	43,561	17,857	4,692	4,671
Energy and Natural Resources	15,958	14,139	270	281
Environment and Public Works	177,347	10,014	0	0
Finance	4,688,686	4,696,631	2,179,994	2,179,013
Foreign Relations	62,368	59,526	870	870
Governmental Affairs	378,745	369,989	97,537	97,537
Judiciary	28,829	28,861	2,856	2,856
Health, Education, Labor, and Pensions	59,163	55,309	15,521	15,315
Rules and Administration	374	359	605	604
Intelligence	0	0	1,275	1,275
Veterans' Affairs	6,135	6,410	186,134	185,440
Indian Affairs	3,308	3,399	0	0
Small Business	0	0	0	0

V: BUDGET RESOLUTIONS: ENFORCEMENT AND OTHER PROVISIONS

A budget resolution does not become law and cannot amend law. However, a budget resolution's miscellaneous provisions can affect the consideration of legislation to implement and enforce the underlying policy assumptions contained in such resolution. The Committee-reported resolution contains a number of provisions which implement policies assumed in this resolution.

Title I of the Committee-reported resolution contains a provision to focus attention on debt held by the public levels. Section 101(6) provides advisory debt held by the public levels.

Section 102(c) shows (for informational purposes only) the level of budget authority and outlays for Social Security administrative expenses. These expenses, as is the case with all expenditures from the Social Security trust funds are off-budget, however for scoring purposes they are counted against the discretionary spending limits because they are provided annually in appropriations acts.

Titles III and IV of the Committee-reported resolution contains 13 sections that either modify budget procedures for consideration of legislation or authorize the Chairman of the Budget Committee to alter the levels in the budget resolution to accommodate Senate consideration of certain legislation. Each of these sections is discussed in more detail below.

Title V contains 9 so-called "sense of the Senate" provisions. These are non-binding statements expressing certain policy goals.

RECONCILIATION

The Committee-reported resolution includes three reconciliation directives to the Finance Committee (with a reporting date not later than September 30, 2004). The Finance Committee is instructed to report legislation to reduce revenues by \$12.3 billion in 2005 and by \$80.6 billion over the period 2005-2009. The Finance Committee is free to satisfy this instruction with legislation of its choosing, but the Committee-reported resolution assumes the 2005-2009 revenue effects of extending the \$1,000 child tax credit, extending marriage penalty relief, extending the expanded 10 percent individual income tax bracket, and accelerating the repeal of the death tax to 2009.

The Finance Committee is instructed to report legislation to reduce outlays by \$2.9 billion in 2005 and by \$3.4 billion over the period 2005-2009. Again, the Finance Committee is free to satisfy this instruction with legislation of its choosing, but the Committee-reported resolution assumes the 2005-2009 outlay effects of reducing Medicaid abuse, reducing fraud in the Earned Income Credit program, extension of customs user fees, and the outlay effects of extending the child credit and marriage penalty tax relief.

The Finance Committee is instructed to report legislation to increase the statutory debt limit by \$664.028 billion. The current statutory debt ceiling is \$7,384 billion; under the Committee-reported resolution, the debt subject to limit is projected to be \$8,048.028 billion at the end of FY 2005. The difference between the two is the reconciled increase.

ENFORCEMENT FY2005 BUDGET RESOLUTION

The Committee-reported resolution provides for a number of enforcement mechanisms and special rules for the consideration of legislation.

Title III: Reserve Funds and Adjustments

In general, a reserve fund (or discretionary adjustment) permits the Chairman of the Committee on the Budget to increase the section 302 allocation and other appropriate levels set out in this resolution (including, in some cases, the discretionary spending limits) once certain conditions have been met. The authority to make these adjustments is solely within the discretion of the Chairman and may be made when the committee of jurisdiction reports a measure that satisfies all the conditions set out in the reserve fund.

Subtitle A: Reserve funds

Section 301: Reserve fund for health insurance for the uninsured

The Committee-reported resolution provides a deficit neutral reserve fund for the period of fiscal years 2005 through 2009 for legislation that addresses access to health care services and health insurance for the uninsured. The Chairman of the Committee on the Budget may adjust the applicable allocations and aggregates to accommodate this legislation so long as the total cost of the legislation does not increase the deficit for FY 2005 or for the sum of FY 2005 through 2009. The adjustment may be made only if the Committee on Finance or the Committee on Health, Education, Labor and Pensions reports a bill that provides health insurance for the uninsured (including a measure providing for tax deductions for the purchase of health insurance or other measures) or that increases access to health insurance through lowering costs; provided that any such measure does not increase the costs of current health insurance coverage.

Section 302: Reserve fund for higher education

The Committee-reported resolution provides additional resources to the Committee on Health, Education, Labor and Pensions for reauthorization of the Higher Education Act. The mechanism will make available an additional \$1 billion for fiscal year 2005 and \$5 billion for fiscal years 2005 through 2009 for reauthorization of the Higher Education Act of

1965. This section also makes available an additional \$3.7 billion for FY 2005 in budget authority only in order to permit the authorizing committee to rectify an accumulated short fall in the federal Pell Grant account.

Section 303: Reserve fund for energy legislation

The Committee-reported resolution provides a mechanism to make additional resources available for a measure setting out a national energy policy (including a bill, joint resolution, amendment, motion, or conference report), that is predominately within the jurisdiction of the Committee on Energy and Natural Resources. Such measure may also include revenue reductions. Unlike most reserve funds, this one is not dependent upon the committee of jurisdiction reporting new legislation. Section 303 is intended to facilitate the consideration of S. 2095, the Energy Policy Act, or a similar measure in any number of different procedural situations.

Regardless of the procedural posture in which such a measure comes before the Senate, the Chairman of the Committee on the Budget may make adjustments to committee allocations and relevant budgetary aggregates provided that the cost of the measure does not exceed \$261 million in new budget authority and \$221 million in outlays for FY 2005 and \$1.5 billion in new budget authority and \$1.5 billion in outlays for FY 2005 through 2009 and the revenue reductions do not exceed \$1.8 billion for FY 2005 and \$15.1 billion for FY 2005 through 2009. Note that these revenue reductions are assumed in the Committee-reported resolution and thus section 303 does not provide any authority for changing the revenue aggregate. Rather, it makes not exceeding the maximum revenue reduction a condition of making the spending – related adjustments.

Subtitle B: Adjustments with respect to discretionary spending

Section 311: Adjustment for surface transportation

The Committee-reported resolution provides a mechanism (reinforcing the intent of a comparable mechanism in the 2004 Budget Resolution) to make additional contract authority and outlay allocations available to the relevant committees for highway and transit programs for the reauthorization of and appropriation for surface transportation programs, provided that the reauthorization (by virtue of a title reported by the Committee on Finance) makes available new net resources for the highway trust fund that offset the resulting outlays – without increasing the deficit.

Section 312: Adjustment for supplemental appropriations for activities in Afghanistan and Iraq

The Committee-reported resolution provides a mechanism to make available to the Committee on Appropriations additional resources for supplemental appropriations for military activities in Iraq and Afghanistan. This mechanism requires that the President

transmit a budget request for such funds and limits the adjustment to \$30 billion in new budget authority for FY 2005 or the President's request – whichever is lower. This mechanism is intended to accommodate incremental expenditures associated with ongoing military operations in Iraq and Afghanistan.

Section 313: Adjustment for emergency fire suppression activities

The Committee-reported resolution provides a mechanism to make available up to \$500 million per year in additional resources to the Committee on Appropriations for supplemental appropriations for fire suppression activities for FY 2004 through 2006. Such additional resources will only be made available if the regular appropriation for that year has been enacted and is not less than the 10-year average for those accounts and the severity of the fire season necessitates providing additional funding in a timely manner.

The resolution permits the Chairman of the Committee on the Budget to adjust the discretionary spending limits, the committee allocation and other appropriate budgetary aggregates by not more than \$400 million each year for FY 2005 and 2006 for the Forest Service and not more than \$100 million each year for FY 2005 and 2006 for the Department of the Interior. With respect to FY 2004, the 10-year average has already been appropriated in the regular 2004 appropriations bills. If additional resources are required for fire suppression in FY 2004, rather than making an adjustment to the FY 2004 levels, the Chairman has the authority to hold harmless a measure that provides up to \$400 million for the Forest Service and up to \$100 million for the Department of the Interior for fire suppression activities.

These funds can be made available on any appropriations bill, amendment, joint resolution or conference report, and are only available for fire suppression. The Committee-reported resolution anticipates that the Forest Service and Department of Interior will work with Congress to develop cost containment measures for fire suppression operation and encourages the Forest Service and Department of the Interior to report to Congress how the funds above the 10-year average were used.

Title IV: Budget Enforcement

Section 401: Restriction on advance appropriations in the Senate

The Committee-reported resolution includes language limiting the use of advance appropriations. This restriction was first included in the FY 2001 budget resolution and was included and revised in the FY 2002 and FY 2004 resolutions as well. The Committee-reported resolution continues to restrict advance appropriations to an annual limit of \$23.158 billion with respect to both the FY 2005 and 2006 appropriations bills and to those programs that are listed in the statement of managers accompanying the conference report on the budget resolution. The Resolution also continues the exception for advances with respect to the Corporation for Public Broadcasting.

The list of permissible advances in the respective appropriations bill is as follows:

Accounts Identified for Advance Appropriations

Interior

Elk Hills

Labor, HHS

Corporation for Public Broadcasting

Employment and Training Administration

Education for the Disadvantaged

School Improvement

Children and Family Services (Head Start)

Special Education

Vocational and Adult Education

Transportation, Treasury

Payment to Postal Service

Veterans, HUD

Section 8 Renewals

Section 402: Emergency Legislation

Section 402 of the Committee-reported resolution is virtually identical to section 502(c) of the 2004 resolution, which sets out the Senate's rule with respect to emergency legislation. Subsection (a) states the general purpose for the rule and subsection (b) sets out the rule as it is applied in the House of Representatives and thus is appropriately not addressed in the Senate's Committee-reported resolution. The only change to the current Senate rule in subsection (c) is of a technical nature and makes clear that the adjustment authority provided in this section is applicable to all budget resolutions, not just the 2004 resolution. The following is a review of the history of this provision.

In general, the Senate's emergency rule addresses two issues with respect to emergency spending: the ability to designate spending as an emergency and the restatement of the Senate point of order with respect to the use of that designation.

The authority to designate spending as an "emergency" existed as a part of the statutory discretionary spending limits and the pay-as-you-go rules set out in sections 251 and 252 of the Balanced Budget and Emergency Deficit Control Act of 1985. The purpose of the designation was to create a "safety valve" for unexpected, emergency expenditures with respect to sequestration, which served as the enforcement mechanism for the caps and PAYGO. With the expiration of section 251 on September 30, 2002 and the de facto expiration of section 252 (by virtue of setting the scorecard to zero for all fiscal years),

section 502 of the 2004 resolution reestablishes the authority of the Senate to designate spending and revenue changes as an emergency. In doing so, the Resolution codifies the criteria used in the definition of an emergency and requires committee reports and statements of managers to justify the use of emergency designations using these criteria. The criteria are as set out in subsection (c)(3)(B).

If an item of discretionary spending is accompanied by an emergency designation, the discretionary spending limit and the allocation to the Committee on Appropriations (as well as all other levels in the most recently adopted budget resolution) will be held harmless for the costs associated with that spending. If a revenue reduction or mandatory spending increase is accompanied by an emergency designation, then the committee allocation and the Senate's pay-go scorecard will also be held harmless accordingly (again, as well as all other appropriate levels in the resolution).

Section 402 of the Committee-reported resolution restates (with a technical correction) the Senate's emergency designation point of order. This point of order was first included in the FY 2000 budget resolution. This point of order allows any member to question the use of an emergency designation while the bill, amendment or conference report containing the designation is before the Senate (except for defense appropriations). Once the point of order is made, it requires 60-votes to waive the point of order and retain the designation. If the motion to waive is not successful: the designation would be removed from the measure, the spending item would remain, and in all likelihood making the bill (or amendment) subject to a Budget Act point of order, which would also require 60-votes to overcome. The removal of the designation is accomplished by the same method as provided for in the Byrd Rule (section 313 of the Congressional Budget Act of 1974).

Section 403: Discretionary spending limits in the Senate

Section 504 of the 2004 budget resolution set out discretionary spending limits for fiscal years 2003, 2004, and 2005. These limits are enforced in the Senate with a 60-vote point of order. The limits set out with respect to fiscal year 2005 are applicable to this Committee-reported resolution. Therefore, as is evident in the text of this resolution, the levels and limits in the resolution comply with this requirement.

Section 504 will also apply to the consideration of amendments offered during debate of the Committee-reported resolution on the floor of the Senate. Therefore, any amendment that would increase the level of discretionary spending over the level set out in the 2004 resolution would also be subject to a 60-vote point of order.

Section 402 of the Committee-reported resolution sets out congressional discretionary spending limits for the first two years covered by this budget resolution (FY 2005 and 2006) with respect to both budget authority and outlays. Since the advent of statutory discretionary

spending limits in 1990, a majority of budget resolution conference reports have included language dealing with “congressional caps”¹.

The Committee-reported resolution provides that the following amounts will be the discretionary spending limits:

For fiscal year 2005: \$812.773 billion in new budget authority and \$818.285 billion in outlays for the discretionary category; \$33.393 billion in outlays for the highway category, and \$1.488 billion in new budget authority and \$6.726 billion in outlays for the transit category, for a total of \$814.261 billion in new budget authority and \$858.404 billion in outlays.

For fiscal year 2006: \$852.257 billion in new budget authority and \$884.266 billion in outlays for the discretionary category. The Committee-reported resolution sets out only one unified category for 2006.

The Committee-reported resolution also provides for a number of so-called cap adjustments. The cap adjustments permit the Chairman of the Committee on the Budget to increase the discretionary spending limit, the section 302(a) allocation to the Committee on Appropriations, and any other appropriate levels in the resolution if an appropriations bill provides additional resources for the programs specified in the adjustment. The resolution provides that spending and allocations may be adjusted for: (1) surface transportation programs, (2) supplemental appropriations for the war in Iraq and Afghanistan and (3) fire suppression.

These discretionary spending limits will once again be enforced by a 60-vote point of order on two fronts: (1) there will be a point of order against the FY 2006 budget resolution if it exceeds the limits for that year set in this resolution (or against any revision to the FY 2005 resolution that does so) and (2) there will be a point of order against any appropriations bill that causes any of the discretionary limits to be exceeded.

Section 404: Scoring Rules

¹See: section 12(b) of H. Con. Res. 64 (103rd Cong.) the FY 1994 Concurrent Resolution on the Budget; section 24 of H. Con. Res. 218 (103rd Cong.) the FY 1995 Concurrent Resolution on the Budget; Section 201 of H. Con. Res. 67 (104th Cong.) the FY 1996 Concurrent Resolution on the Budget; Section 301 of H. Con. Res. 178 (104th Cong.) the FY 1997 Concurrent Resolution on the Budget; Section 201 of H. Con. Res. 84 (105th Cong.) the FY 1998 Concurrent Resolution on the Budget (all establishing multiyear caps); Section 206 of H. Con. Res. 290 (106th Cong.) the FY 2001 Concurrent Resolution on the Budget; Section 203 of H. Con. Res. 83 (107th Cong.) the FY 2002 Concurrent Resolution on the Budget (both providing a mechanism to accommodate an increase to the current year’s statutory cap).

Section 403 of the Committee-reported resolution includes a number of “scorekeeping rules.” Pursuant to section 312(a) of the Congressional Budget Act, the Chairmen of the Committees on the Budget of the House and Senate are responsible for determining the costs of legislative proposals in their respective chambers. From time to time, new scoring issues arise as Congress responds to various fiscal needs. The rules set forth in this section will serve as guidance to the Chairman of the Committee on the Budget, and the Senate as a whole, in evaluating the cost of legislative proposals and applying the budgetary discipline set out in budget resolutions and the Congressional Budget Act of 1974.

Subsection (a) -- Pell Grants

Section 404 (a) is a scoring rule (similar to the President’s proposal) intended to equalize the scoring treatment of budget authority and outlays for the Pell Grant program.

Subsection (b) – Bioshield

Section 404(b) sets out a scoring rule with respect to possible changes in the availability of funding already provided for Project Bioshield. The Bioshield program was proposed in the President’s FY 2004 budget as a new mandatory program. The FY2004 budget resolution contained a “reserve fund” in the Senate in order to accommodate the spending for this new proposal. In the absence of authorization language, the Bioshield program was funded, in its entirety, in the FY 2004 appropriations act for the Department of Homeland Security. Full funding (for the period requested by the President) was accomplished by means of an advance appropriation. This provision provided budget authority as follows: \$0.890 billion in new budget authority for FY 2004, \$2.528 billion in new budget authority for FY 2005 and \$2.175 billion in new budget authority for FY 2009. The amounts for 2005 and 2009 are advance appropriations and were in violation of section 501 of the 2004 budget resolution which set a limit on advance appropriations. Section 501 contains both a dollar limit for FY 2005 and an exclusive list of programs for which permissible advances may be made. The Bioshield advance violated both the dollar limitation and program list. This new scoring rule provides that any legislative change in the availability of these funds (such as a rescission) will not be scored for the purposes of budgetary enforcement. Consequently rescissions of budget authority will not be available as an offset for spending on other programs.

Section 405: Adjustments to reflect changes in concepts and definitions

Section 405(a) of the Committee-reported resolution is virtually identical to section 508 of the 2004 budget resolution. It provides that upon enactment of legislation that changes funding of an existing program from discretionary to mandatory (or vice versa) the Chairman of the Committee on the Budget will adjust the levels in this budget resolutions (including the discretionary spending limits) to reflect such a change.

Section 405(b) of the Committee-reported resolution provides a similar rule for reported legislation that addresses changes in the nature of offsetting receipts from the Power Marketing Administration.

Section 406: Application and effect of changes in allocations and aggregates

The Committee-reported resolution retains language from previous resolutions clarifying the process for implementing any adjustment made pursuant to the reserve funds and discretionary adjustments and the status of these adjusted levels. It further clarifies that the Budget Committee determines scoring for purposes of points of order.

Section 407: Rulemaking authority

The Committee-reported resolution includes language identical to section 222 of the FY 2002 budget resolution which simply states Congress' authority to legislate rules of procedure for either chamber.

Title V: Sense of the Senate Provisions

Section 501: Sense of the Senate on budget process reform

Section 502: Sense of the Senate on bipartisan commissions

Section 503: Sense of the Senate on the relationship between annual deficit spending and increases in debt service costs

Section 504: Sense of the Senate on Medicare prescription drug program

Section 505: Sense of the Senate regarding pay parity

Section 506: Sense of the Senate on returning stability to payments under Medicare physician fee schedule

Section 507: Sense of the Senate regarding the use of Federal funds to support American companies and American workers.

Section 508: Sense of the Senate regarding closing the "tax gap"

Section 509: Sense of the Senate on drug comparativeness studies

Additional budget process and enforcement items

The Committee-reported resolution notes that a number of provisions from previous budget resolutions remain in effect. For the convenience of the Senate, they are set out below.

I. Sense of the Senate amendments not germane on floor.

One provision (section 204) of the FY 2001 resolution (H. Con. Res. 290 (106th Cong. 2nd Sess.)) remains in effect. It is discussed and set out below:

Section 204: Mechanisms for Strengthening Budgetary Integrity (see subsection (g) regarding precatory amendments).

The intent of subsection (g) was discussed on page 74 of the conference report – explaining the Senate amendment - for the FY 2001 resolution. The conference adopted the Senate language with a minor modification. Page 74 provides in pertinent part:

Section 210(g) of the Senate amendment provides guidance for interpreting the germaneness requirement found in section 305(b)(2) of the Budget Act. Section 305 requires that all amendments offered on the floor to a budget resolution or a reconciliation bill must be germane to the underlying legislation and is enforced by a 60-vote point of order in the Senate. The Senate amendment states that an amendment will be considered not germane if it contains only precatory (non-binding) language. This is designed to place a 60-vote hurdle with respect to what is commonly referred to as a “sense of the Senate” amendment. Note that it is not meant to preclude the inclusion of “purpose” or “findings” language that is part of an otherwise substantive amendment.

The minor modification adopted by the conferees was the addition of the word “predominately” before “precatory” to make clear that otherwise substantive provisions would not be subject to 60-vote discipline. The text of subsection (g) is set out below:

Section 204 Mechanisms for Strengthening Budgetary Integrity.

. . . (g) *PRECATORY AMENDMENTS.* – *For purposes of interpreting section 305(b)(2) of the Congressional Budget Act of 1974, an amendment is not germane if it contains predominately precatory language.*

Two provisions (sections 503 and 505) from the FY 2004 resolution (H. Con. Res. 95, 108th Cong. 1st Sess.) remain in effect in the Senate. They are set out or described below.

II. 60-vote points of order through the end of FY 2008

Section 503: Extension of supermajority enforcement

This section of the 2004 resolution extended for 5 years (until September 30, 2008) the 60-vote requirement for waivers and appeals with respect to those Budget Act points of order. This requirement expired on September 30, 2002 (and was temporarily extended through April 15, 2003 in S. Res. 304, 106th Congress).

III. Senate's pay-go point of order

Section 505: Pay-as-you-go point of order in the Senate

This section of the 2004 resolution revised and extended the Senate's pay-as-you-go point of order. The original pay-as-you-go point of order first appeared in the FY 1994 budget resolution. The previous version expired in its entirety on September 30, 2002. The point of order was revised and extended in S. Res. 304 (107th Congress) through April 15, 2003. S. Res 304 included a new provision of the pay-as-you-go rule making the rule applicable to mandatory spending in appropriations bills in order to prevent the exploitation of the fact that there were no limits on discretionary spending for FY 2003 due to the expiration of the discretionary spending limits and the lack of an FY 2003 budget resolution.

The pay-as-you-go point of order included in the 2004 resolution did not retain the expanded application to appropriation bills set out in S. Res. 304. Rather it resembles the previous versions of the rule with one change: it will apply on a post-budget resolution policy basis. To accomplish this, a scorecard will be maintained by the Chairman of the Committee on the Budget that will set out the total level of change to the deficit assumed by the most recently adopted budget resolution. Subsequent legislation will be measured against these balances.

The full text of the current pay-as-you-go point of order is set out below:

SEC. 505. PAY-AS-YOU-GO POINT OF ORDER IN THE SENATE.

(a) Point of Order._

(1) In general._It shall not be in order in the Senate to consider any direct spending or revenue legislation that would increase the on-budget deficit or cause an on-budget deficit for any one of the three applicable time periods as measured in paragraphs (5) and (6).

(2) Applicable time periods._For purposes of this subsection, the term "applicable time period" means any 1 of the 3 following periods:

(A) The first year covered by the most recently adopted concurrent resolution on the budget.

(B) The period of the first 5 fiscal years covered by the most recently adopted concurrent resolution on the budget.

(C) The period of the 5 fiscal years following the first 5 fiscal years covered in the most recently adopted concurrent resolution on the budget.

(3) Direct-spending legislation. For purposes of this subsection and except as provided in paragraph (4), the term "direct-spending legislation" means any bill, joint resolution, amendment, motion, or conference report that affects direct spending as that term is defined by, and interpreted for purposes of, the Balanced Budget and Emergency Deficit Control Act of 1985.

(4) Exclusion. For purposes of this subsection, the terms "direct-spending legislation" and "revenue legislation" do not include

(A) any concurrent resolution on the budget; or

(B) any provision of legislation that affects the full funding of, and continuation of, the deposit insurance guarantee commitment in effect on the date of enactment of the Budget Enforcement Act of 1990.

(5) Baseline. Estimates prepared pursuant to this section shall

(A) use the baseline surplus or deficit used for the most recently adopted concurrent resolution on the budget as adjusted for any changes in revenues or direct spending assumed by such resolution; and

(B) be calculated under the requirements of subsections (b) through (d) of section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 for fiscal years beyond those covered by that concurrent resolution on the budget.

(6) Prior surplus. If direct spending or revenue legislation increases the on-budget deficit or causes an on-budget deficit when taken individually, it must also increase the on-budget deficit or cause an on-budget deficit when taken together with all direct spending and revenue legislation enacted since the beginning of the calendar year not accounted for in the baseline under paragraph (5)(A), except that direct spending or revenue effects resulting in net deficit reduction enacted pursuant to reconciliation instructions since the beginning of that same calendar year shall not be available.

(b) Waiver. This section may be waived or suspended in the Senate only by the affirmative vote of three-fifths of the Members, duly chosen and sworn.

(c) Appeals. Appeals in the Senate from the decisions of the Chair relating to any provision of this section shall be limited to 1 hour, to be equally divided between, and controlled by, the appellant and the manager of the bill or joint resolution, as the case may be. An affirmative vote of three-fifths of the Members of the Senate, duly chosen and sworn, shall be required to sustain an appeal of the ruling of the Chair on a point of order raised under this section.

(d) Determination of Budget Levels._For purposes of this section, the levels of new budget authority, outlays, and revenues for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the Senate.

(e) Sunset._This section shall expire on September 30, 2008.

Pay-as-you-go scorecard levels for the Committee-reported resolution are as follows:

\$ billions		
<u>FY 2005</u>	<u>FY 2005-2009</u>	<u>FY 2010-2014</u>
\$26.066	\$147.499	\$985.483

VI. COMMITTEE VOTES

On March 3, 2004, Chairman Nickles presented a “Chairman’s Mark” for the fiscal year 2004 budget resolution to the Committee. The following roll call votes were taken during the Senate Budget Committee mark-up of the fiscal year 2005 Budget Resolution.

MARCH 4, 2004

Amdt #	Description	Sponsor	Status	Yeas	Nays
#1	Sense of the Senate regarding authority of HHS Secretary to negotiate drug prices in the Medicare program.	Feingold Wyden Stabenow	10-12 Defeated	Conrad Hollings Sarbanes Murray Wyden Feingold Byrd Nelson Stabenow Corzine	Domenici Grassley Gregg Allard Burns Enzi Sessions Bunning Crapo Ensign Cornyn Nickles
#2	Point of order against any revenue or direct spending legislation which would increase the on-budget deficit until the budget is balanced without Social Security.	Conrad	10-12 Defeated	Conrad Hollings Sarbanes Murray Wyden Feingold Byrd Nelson Stabenow Corzine	Domenici Grassley Gregg Allard Burns Enzi Sessions Bunning Crapo Ensign Cornyn Nickles
#3	Increases the Iraq reserve fund by \$20 billion and increases revenues by \$20 billion over five years. As modified.	Feingold Corzine	10-12 Defeated	Conrad Hollings Sarbanes Murray Wyden Feingold Byrd Nelson Stabenow Corzine	Domenici Grassley Gregg Allard Burns Enzi Sessions Bunning Crapo Ensign Cornyn Nickles

#4	Increases function 500 (education) by \$33 million for Pell Grant Plus Program and reduces function 800 (general government) by the same amount.	Bunning	Agreed by Voice Vote		
#5	Strikes the tax reconciliation instruction.	Byrd	10-12 Defeated	Conrad Hollings Sarbanes Murray Wyden Feingold Byrd Nelson Stabenow Corzine	Domenici Grassley Gregg Allard Burns Enzi Sessions Bunning Crapo Ensign Cornyn Nickles
#6	Sense of the Senate regarding additional deficit reduction.	Conrad	10-12 Defeated	Conrad Hollings Sarbanes Murray Wyden Feingold Byrd Nelson Stabenow Corzine	Domenici Grassley Gregg Allard Burns Enzi Sessions Bunning Crapo Ensign Cornyn Nickles
#7	Increases function 700 (veterans) by \$101 million in 2005 and \$536 million over five years for medical prosthetic research and reduces function 800 (general government) by the same amount.	Bunning	Agreed by Voice Vote		

#8	Modifies the current Senate pay-go rule by extending it one year to 2009 and by striking the adjustment for direct spending and revenue policies which are assumed in the budget resolution.	Feingold Wyden Corzine	10-12 Defeated	Conrad Hollings Sarbanes Murray Wyden Feingold Byrd Nelson Stabenow Corzine	Domenici Grassley Gregg Allard Burns Enzi Sessions Bunning Crapo Ensign Cornyn Nickles
#9	Increases function 400 (transportation) by \$454 million for port security, increases revenues by \$908 million over four years, and increases the discretionary spending cap.	Murray Sarbanes Nelson Corzine	10-12 Defeated	Conrad Hollings Sarbanes Murray Wyden Feingold Byrd Nelson Stabenow Corzine	Domenici Grassley Gregg Allard Burns Enzi Sessions Bunning Crapo Ensign Cornyn Nickles
#10	Increases function 700 (veterans) by \$1.8 billion for medical care, increases revenues by \$3.7 billion over four years, and increases the discretionary spending cap.	Nelson Murray Conrad Johnson Stabenow Corzine	10-12 Defeated	Conrad Hollings Sarbanes Murray Wyden Feingold Byrd Nelson Stabenow Corzine	Domenici Grassley Gregg Allard Burns Enzi Sessions Bunning Crapo Ensign Cornyn Nickles

#11	Increases function 500 (education) by \$8.6 billion for K-12 education, increases revenues by \$17.2 billion over four years, and increases the discretionary spending cap.	Murray	10-12 Defeated	Conrad Hollings Sarbanes Murray Wyden Feingold Byrd Nelson Stabenow Corzine	Domenici Grassley Gregg Allard Burns Enzi Sessions Bunning Crapo Ensign Cornyn Nickles
#12	Reduces function 570 (Medicare) with respect to the stabilization fund by \$3.9 billion.	Feingold Stabenow	10-12 Defeated	Ensign Conrad Hollings Sarbanes Murray Feingold Byrd Nelson Stabenow Corzine	Domenici Grassley Gregg Allard Burns Enzi Sessions Bunning Crapo Cornyn Wyden Nickles
#13	Reduces function 350 (agriculture) by \$1.2 billion for payment limitations, and increases functions 300 (conservation), 450 (community development), and 600 (income security) by the same amount.	Grassley Murray Conrad Hollings Johnson	16-6 Passed	Domenici Grassley Gregg Allard Enzi Ensign Conrad Hollings Sarbanes Murray Wyden Feingold Byrd Nelson Stabenow Corzine	Burns Sessions Bunning Crapo Cornyn Nickles

#14	Increases function 370 (commerce) by \$375 million for ATP & MEP programs, increases revenues by \$748 million over four years, and increases the discretionary spending cap.	Stabenow Corzine	10-12 Defeated	Conrad Hollings Sarbanes Murray Wyden Feingold Byrd Nelson Stabenow Corzine	Domenici Grassley Gregg Allard Burns Enzi Sessions Bunning Crapo Ensign Cornyn Nickles
#15	Reduces function 920 (allowances) by \$100 million in 2005 and \$1.1 billion over five years and increases revenues by \$300 million over five years for savings associated with drug reimportation.	Stabenow	14-8 Passed	Grassley Gregg Sessions Bunning Cornyn Conrad Hollings Sarbanes Murray Wyden Feingold Byrd Nelson Stabenow	Domenici Allard Burns Enzi Crapo Ensign Corzine Nickles
#16	Increases function 450 (community development) by \$400 million for firefighter grants, increases revenues by \$800 million over four years, and increases the discretionary spending cap.	Sarbanes Feingold Stabenow	10-12 Defeated	Conrad Hollings Sarbanes Murray Wyden Feingold Byrd Nelson Stabenow Corzine	Domenici Grassley Gregg Allard Burns Enzi Sessions Bunning Crapo Ensign Cornyn Nickles
#17	Point of order against consideration of any legislation that reduces Social Security benefits until taxes are increased on individuals with taxable incomes in excess of \$1 million.	Corzine	10-12 Defeated	Conrad Hollings Sarbanes Murray Wyden Feingold Byrd Nelson	Domenici Grassley Gregg Allard Burns Enzi Sessions Bunning

				Stabenow Corzine	Crapo Ensign Cornyn Nickles
#18	Sense of the Senate regarding the Medicare physician fee schedule.	Bunning	Passed by Voice Vote		
#19	Increases function 700 (veterans) by \$400 million for construction, increases revenues by \$775 million over five years, and increases the discretionary spending cap.	Murray	10-12 Defeated	Conrad Hollings Sarbanes Murray Wyden Feingold Byrd Nelson Stabenow Corzine	Domenici Grassley Gregg Allard Burns Enzi Sessions Bunning Crapo Ensign Cornyn Nickles
#20	Sense of the Senate regarding GSE regulation.	Bunning	4-14 Defeated	Burns Bunning Crapo Cornyn	Domenici Allard Sessions Conrad Hollings Sarbanes Murray Wyden Feingold Byrd Nelson Stabenow Corzine Nickles
#21	Sense of the Senate to expend federal funds to support American companies and workers.	Feingold Corzine	Passed by Voice Vote		
#22	Sense of the Senate regarding the IRS and the tax gap. As Modified.	Conrad	Passed by Voice Vote		
#23	Special scoring rule to exclude the cost of certain	Sarbanes Murray	10-12 Defeated	Conrad Hollings	Domenici Grassley

	unemployment benefit extensions from budget enforcement.	Wyden Corzine		Sarbanes Murray Wyden Feingold Byrd Nelson Stabenow Corzine	Gregg Allard Burns Enzi Sessions Bunning Crapo Ensign Cornyn Nickles
#24	Reserve fund for legislation to encourage employers to maintain prescription drug coverage for retirees.	Corzine Stabenow	10-12 Defeated	Conrad Hollings Sarbanes Murray Wyden Feingold Byrd Nelson Stabenow Corzine	Domenici Grassley Gregg Allard Burns Enzi Sessions Bunning Crapo Ensign Cornyn Nickles
#25	Sense of the Senate regarding beach restoration and maintenance by the Corps of Engineers.	Nelson	9-11 Defeated	Hollings Sarbanes Murray Wyden Feingold Byrd Nelson Stabenow Corzine	Domenici Grassley Gregg Allard Burns Enzi Sessions Bunning Crapo Cornyn Nickles
#26	Sense of the Senate regarding the Agency for Health Care Research and Quality.	Conrad for Johnson	Passed by Voice Vote		

FINAL PASSAGE:

12-10

Party Line Vote